



GLAAD, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

GLAAD, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
GLAAD, Inc.

Opinion

We have audited the financial statements of GLAAD, Inc., which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Marcum LLP

Washington, D.C.
August 27, 2024

GLAAD, INC.

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2023

Assets

Cash	\$ 4,910,424
Grants, contributions and other receivables, net	11,972,137
Prepaid expenses and other assets	697,414
Investments	34,076,941
Right-of-use asset	<u>658,845</u>

Total Assets \$ 52,315,761

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 2,530,677
Lease liability - operating	665,239
Deferred revenue	<u>93,799</u>

Total Liabilities 3,289,715

Net Assets

Without donor restrictions:	
Undesignated	13,872,014
Designated	25,671,809
With donor restrictions	<u>9,482,223</u>

Total Net Assets 49,026,046

Total Liabilities and Net Assets \$ 52,315,761

The accompanying notes are an integral part of these financial statements.

GLAAD, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 16,445,525	\$ 4,563,545	\$ 21,009,070
Special events	4,711,864	--	4,711,864
Less: Direct benefit costs	(3,666,255)	--	(3,666,255)
Special events revenue, net	1,045,609	--	1,045,609
Fee for service revenue	2,496,500	--	2,496,500
In-kind contributions	798,975	--	798,975
Investment income, net	1,259,148	--	1,259,148
Other income	14,411	--	14,411
Net assets released from restrictions:			
Satisfaction of purpose restrictions	3,671,250	(3,671,250)	--
Satisfaction of time restrictions	1,212,971	(1,212,971)	--
Total Revenue and Support	26,944,389	(320,676)	26,623,713
Expenses			
Program services	16,828,273	--	16,828,273
Management and general	2,459,325	--	2,459,325
Fundraising and development	2,178,649	--	2,178,649
Total Expenses	21,466,247	--	21,466,247
Change in Net Assets	5,478,142	(320,676)	5,157,466
Net Assets, Beginning of Year, as restated	34,065,681	9,802,899	43,868,580
Net Assets, End of Year	\$ 39,543,823	\$ 9,482,223	\$ 49,026,046

The accompanying notes are an integral part of these financial statements.

GLAAD, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program Services				Supporting Services				
	Media Institute Program	News, Rapid Response and Campaign Programs	Media Awards Program	Other Programs	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	Total
Salaries	\$ 2,872,259	\$ 1,617,110	\$ 948,763	\$ 815,532	\$ 6,253,664	\$ 944,855	\$ 931,485	\$ 1,876,340	\$ 8,130,004
Payroll taxes and benefits	572,809	322,497	189,210	162,640	1,247,156	188,431	185,764	374,195	1,621,351
Total Personnel Costs	3,445,068	1,939,607	1,137,973	978,172	7,500,820	1,133,286	1,117,249	2,250,535	9,751,355
Event expenses	170,337	255,898	3,366,207	13,862	3,806,304	38,616	94,052	132,668	3,938,972
Outside services	908,231	973,240	214,122	174,492	2,270,085	606,663	465,183	1,071,846	3,341,931
Media materials and publications	586,325	931,645	86,207	5,000	1,609,177	30,700	108,856	139,556	1,748,733
Other programmatic expenses	1,169,500	176,021	4,072	226,970	1,576,563	--	--	--	1,576,563
Travel	806,481	161,113	186,164	54,231	1,207,989	111,908	52,568	164,476	1,372,465
In-kind	464,337	245,398	25,900	--	735,635	63,340	--	63,340	798,975
Telecommunications	179,836	98,780	57,892	49,439	385,947	57,339	265,364	322,703	708,650
Occupancy	237,320	133,614	78,391	67,383	516,708	78,069	76,964	155,033	671,741
Meetings and conferences	139,709	28,087	11,692	33,186	212,674	66,704	8,693	75,397	288,071
Bad Debt	--	--	--	--	--	184,997	--	184,997	184,997
Direct mail expenses	54,986	30,958	18,163	15,613	119,720	18,088	17,832	35,920	155,640
Dues and subscriptions	56,097	24,393	14,027	11,920	106,437	14,122	15,716	29,838	136,275
Postage and printing	42,153	33,285	11,955	8,136	95,529	8,879	7,536	16,415	111,944
Insurance	38,029	21,411	12,562	10,798	82,800	12,510	12,333	24,843	107,643
Equipment lease and maintenance	32,091	17,970	10,923	8,856	69,840	10,312	10,115	20,427	90,267
Bank and credit card fees	30,067	16,928	9,932	8,537	65,464	9,891	9,751	19,642	85,106
Professional fees	--	--	--	--	--	34,624	--	34,624	34,624
Supplies	7,477	3,531	1,954	2,309	15,271	2,281	1,874	4,155	19,426
Miscellaneous	3,223	1,815	1,065	916	7,019	1,061	1,044	2,105	9,124
Total Functional Expenses	8,371,267	5,093,694	5,249,201	1,669,820	20,383,982	2,483,390	2,265,130	4,748,520	25,132,502
Less expenses included with revenue on the statement of activities:									
Direct benefit costs	(115,747)	(236,059)	(3,190,176)	(13,727)	(3,555,709)	(24,065)	(86,481)	(110,546)	(3,666,255)
Total expenses included in the expense section on the statement of activities	\$ 8,255,520	\$ 4,857,635	\$ 2,059,025	\$ 1,656,093	\$ 16,828,273	\$ 2,459,325	\$ 2,178,649	\$ 4,637,974	\$ 21,466,247

The accompanying notes are an integral part of these financial statements.

GLAAD, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Cash Flows From Operating Activities

Change in net assets	\$ 5,157,466
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Realized and unrealized gains on investments	(528,151)
Change in value of the discount on receivables	(112,028)
Amortization of right-of-use asset	375,413
Changes in assets and liabilities	
Grants, contributions and other receivables	1,574,477
Prepaid expenses and other assets	69,224
Accounts payable and accrued expenses	1,213,394
Deferred revenue	(876,351)
Lease liability - operating	<u>(369,019)</u>

Net Cash Provided by Operating Activities 6,504,425

Cash Flows to Investing Activities

Purchase of investments	(19,515,747)
Proceeds from sale of investments	<u>3,024,957</u>

Net Cash Used in Investing Activities (16,490,790)

Net Decrease in Cash (9,986,365)

Cash, Beginning of Year 15,285,914

Cash, End of Year \$ 5,299,549

Cash at End of Year

Cash	\$ 4,910,424
Cash within investments	<u>389,125</u>

Total Cash \$ 5,299,549

The accompanying notes are an integral part of these financial statements.

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – ORGANIZATION

GLAAD, Inc. (“GLAAD”), formerly known as Gay & Lesbian Alliance Against Defamation, Inc., is a non-profit organization that has been granted exempt status under section 501(c)(3) of the Internal Revenue Code.

GLAAD is the world’s largest lesbian, gay, bisexual, transgender, and queer (“LGBTQ”) media advocacy organization promoting and ensuring fair, accurate and inclusive representation of people and events in the media as a means to build a culture that embraces full acceptance of the LGBTQ community, thereby eliminating homophobia, transphobia, and discrimination based on gender identity and sexual orientation.

GLAAD works across all media to bring people powerful stories from the LGBTQ community that builds support for equality and accelerates acceptance of LGBTQ people. When news outlets get it wrong, GLAAD is there to respond and advocate for fairness and accuracy.

GLAAD’s Entertainment Media Team accelerates acceptance by advocating for fair, accurate, and inclusive representation of LGBTQ people in the media including film, television, comics, video games, and music. This team also combats problematic content and instances of defamation in entertainment. As part of the entertainment program, the GLAAD Media Awards recognize and honor media for their fair, accurate and inclusive representations of the LGBTQ community and the issues that affect their lives. They also fund GLAAD’s work to amplify stories from the LGBTQ community that build support for equality and acceptance. The GLAAD Media Awards are held annually in Los Angeles and New York.

GLAAD’s Spanish-Language & Latino Media program shares the stories of LGBTQ people via Spanish-language and Latino news and entertainment media to build acceptance of LGBTQ people and increase support for equality among the fastest growing population in the U.S. The program provides vital resources to advocates and media alike on how to communicate with this audience both in the U.S. and abroad.

GLAAD’s Transgender Media program accelerates acceptance for transgender people by increasing the quantity and quality of transgender representation in news, entertainment, and digital media. This team also challenges depictions of transgender people that are stereotypical, sensationalistic, or based on misinformation. The team works directly with transgender people who wish to tell their stories in the media, helping them craft their messages and giving them the tools they need to be effective when talking to journalists.

The GLAAD Media Institute (the Institute) accelerates acceptance through storytelling and media engagement. The Institute provides activist, spokesperson, and media engagement training and education for LGBTQ and allied community members and organizations desiring to deepen their media impact. Using the best practices perfected by GLAAD from more than 30 years of experience leveraging media to create change, through the Institute, GLAAD is training a new generation of advocates in order to accelerate acceptance for LGBTQ people, as well as other marginalized communities.

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – ORGANIZATION (CONTINUED)

GLAAD's News & Rapid Response program works with journalists and news outlets in print, broadcast, and online, serving as a resource to newsmakers and ensuring that the news media is accurately and fairly representing LGBTQ people in its reporting.

GLAAD's Digital Program helps GLAAD accomplish its mission of media advocacy in the online space by overseeing the organization's entire digital footprint including social media, website, email, and content partnerships. By employing best practices in online organizing and engagement, we help every department within GLAAD accomplish their objectives and accelerate acceptance of LGBTQ people online.

Charity Navigator evaluates a nonprofit organization's financial health including measures of stability, efficiency, and sustainability. They also track accountability and transparency policies to ensure the good governance and integrity of the organization. GLAAD has a 4-star rating, the highest possible per Charity Navigator.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

GRANTS, CONTRIBUTIONS AND OTHER RECEIVABLES

Receivables consist of unconditional grants, contributions and contracts from foundations and corporations. GLAAD uses the allowance method to record potentially uncollectable accounts based upon review of account balances and historical experience.

INVESTMENTS

Investments, other than cash, are valued at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales are recorded on a trade-date basis. Unrealized gains or losses are determined by the change in fair value at the beginning and end of the reporting period and included in investment income in the accompanying statement of activities. Realized gains and losses on sales of investments are computed on an average cost basis and are recorded on the trade date of the transaction and included in investment income in the accompanying statement of activities.

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL RISK

GLAAD maintains its cash in bank deposit accounts which may at times exceed the federally-insured limit of \$250,000 per depositor per bank. GLAAD has not incurred losses in such accounts and believes it is not exposed to any significant financial risk on cash.

GLAAD holds investments in the form of bonds, mutual and exchange traded funds, certificates of deposits and money market funds. The Board of Directors routinely reviews market values and governing policies of these investments.

FAIR VALUE MEASUREMENT

GLAAD has categorized its applicable financial assets and liabilities into a required fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

RIGHT-OF-USE ASSET AND LEASE LIABILITY

At the inception of an agreement, GLAAD evaluates whether the agreement meets the criteria for a lease. The right-of-use asset and lease liability are recognized at the commencement date of the lease agreement based on the present value of lease payments over the lease term using a risk-free rate of return that coincides with the date and term of the lease and is adjusted for lease incentives. The asset is amortized over the lease term and is reflected as occupancy expense in the accompanying financial statements. The lease liability is reduced as cash payments are made under the terms of the lease. Short-term operating leases, which have an initial term of 12 months or less, are not recorded on the statement of financial position. Instead, the lease payments of those leases are reported as rent expense on a straight-line basis over the lease term.

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS

Net assets, revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions are available for use in general operations and are not subject to donor restrictions. The governing board has designated \$25,671,809 of net assets without donor restrictions for an operating reserve. The designated amount is targeted to cover approximately 9-12 months of expenses.

Net assets with donor restrictions represent funds that are specifically restricted by donors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. GLAAD has no net assets with donor restrictions that are required to be maintained in perpetuity.

REVENUE AND REVENUE RECOGNITION

GLAAD recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Unconditional grants and contributions are considered available for use unless specifically restricted by the donor or due to time. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. Amounts received that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the revenue is recognized. Unconditional promises to give are recognized as revenue in the year in which they are promised and, if uncollected, are reflected as grants, contributions and other receivables in the accompanying statement of financial position. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose of a restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Conditional promises to give – that is, those with a measurable performance or other barriers and a right of return – are not recognized until the conditions on which they depend have been met. There were no conditional contributions as of September 30, 2023.

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE AND REVENUE RECOGNITION (CONTINUED)

Special events revenue consists of unconditional contributions for events as well as event registrations. Event registrations are recognized at the point in time when the event occurs. Registrations received in advance of the event are recorded as deferred revenue.

Fee for service revenue consists of revenue from training and consulting services and is recognized at the point in time the training or consulting services are provided. Fee for service revenue collected but not yet earned is included in deferred revenue. Deferred revenue related to fee for service revenue totaled \$280,000 at October 1, 2022 and \$40,000 at September 30, 2023.

IN-KIND CONTRIBUTIONS

In-kind contributions of professional services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the year ended September 30, 2023, GLAAD recorded total in-kind contributions of \$798,975 comprised of donated professional services related to legal and consulting services. These in-kind professional services are recorded at their estimated fair value based on prevailing hourly rates and number of hours contributed on the date of receipt.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing GLAAD's program and supporting services have been presented in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. During the year, expenses are accumulated as either direct or indirect. Indirect costs such as payroll taxes and benefits, occupancy, insurance and property taxes are allocated among programs and supporting services based on salaries expenses.

INCOME TAXES

GLAAD is exempt from the payment of taxes on income other than net unrelated business income under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by GLAAD in its federal and state exempt organization tax returns are more likely than not to be sustained upon

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES (CONTINUED)

examination. GLAAD's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed. It is GLAAD's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of September 30, 2024, GLAAD had no accruals for interest and/or penalties.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

ADOPTED ACCOUNTING PRONOUNCEMENT

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The standard applies a right-of-use model that requires, all leases with a lease term of more than 12 months, to recognize an asset representing its right to use the underlying asset for the lease term and liability to make lease payments to be recorded. GLAAD elected not to restate the prior period. It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, (iii) initial direct costs for existing leases. The adoption of ASU 2016-02 resulted in the recognition of a right-of-use asset for its office lease and an operating lease liability in the amount of \$1,034,258 each as of October 1, 2022. The adoption of ASU 2016-02 did not have a material impact on GLAAD's results of operations and cash flows.

NEW ACCOUNTING PRONOUNCEMENT TO BE ADOPTED

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. This standard requires a financial asset (or group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The measurement of credit losses for newly recognized financial assets, as well as expected increases or decreases of expected credit losses that have taken place during the period, is

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING PRONOUNCEMENT TO BE ADOPTED (CONTINUED)

reflected on the statement of activities. The measure of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount; management’s judgment is to be used in determining the relevant information and estimation methods that are appropriate in the entity’s circumstances. The standard also adds requirements for disclosures that include qualitative and quantitative requirements that provide additional information about the amounts recorded in the financial statements. On October 16, 2019, the FASB approved a delay in the proposed effective date making this standard effective for the fiscal years beginning after December 15, 2022. GLAAD is evaluating the impact this will have on the financial statements beginning in fiscal year 2024.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

Cash	\$ 4,910,424
Grants, contributions and other receivables, net	11,972,137
Investments	<u>34,076,941</u>
Total Financial Assets Available Within One Year	50,959,502
Less amounts not available within one year:	
Board designated net assets	(25,671,809)
Net assets with donor restrictions	<u>(9,482,223)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 15,805,470</u>

GLAAD has various sources of liquidity at its disposal, including cash and investments, which are available for general expenditures, liabilities, and other obligations as they come due. Management is focused on sustaining the financial liquidity of GLAAD throughout the year. This is done through monitoring and reviewing cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of GLAAD’s cash flow related to GLAAD’s various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. GLAAD can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs. To help manage unanticipated liquidity needs, GLAAD has established a line of credit in the amount of \$2,000,000 (Note 8). In addition, GLAAD’s board designated net assets could be available for current operations with Board approval, if necessary.

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 4 – GRANTS, CONTRIBUTIONS AND OTHER RECEIVABLES

Grants, contributions and other receivables are recorded at net realizable value if expected to be collected within one year and at the present value of the estimated future cash flows if expected to be collected in future years. These receivables principally consist of unconditional contributions. At September 30, 2023, all were deemed to be fully collectible. Accordingly, no allowance has been recorded. A discount rate of 2% has been used to calculate the present value of multiyear receivables. Grants, contributions and other receivables are expected to be collected as follows:

Within one year	\$ 3,995,859
One to five years	5,000,000
Thereafter	<u>5,000,000</u>
	13,995,859
Less: Unamortized discount on multiyear receivables	<u>(2,023,722)</u>
Grants, contributions and other receivables	<u>\$ 11,972,137</u>

At September 30, 2023, 79% of GLAAD's receivable balance is due from one donor and represents a concentration.

NOTE 5 – INVESTMENTS

Investments at September 30, 2023 consist of the following:

Government and corporate bonds	\$ 12,869,685
Certificates of deposit	5,465,183
Money market funds	5,022,277
Exchange traded bond funds	3,204,722
Equity mutual funds	3,126,174
Exchange traded equity funds	3,095,119
Bond mutual funds	904,656
Cash	<u>389,125</u>
Total Investments	<u>\$ 34,076,941</u>

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 6 – FAIR VALUE MEASUREMENTS

The following table summarizes the balances of assets measured at fair value on a recurring basis as of September 30, 2023:

	Fair Value	Level 1	Level 2	Level 3
Investments:				
Government and corporate bonds	\$ 12,869,685	\$ --	\$ 12,869,685	\$ --
Certificates of deposit	5,465,183	--	5,465,183	--
Money market funds	5,022,277	5,022,277	--	--
Exchange traded bond funds	3,204,722	3,204,722	--	--
Equity mutual funds	3,126,174	3,126,174	--	--
Exchange traded equity funds	3,095,119	3,095,119	--	--
Bond mutual funds	904,656	904,656	--	--
Total Investments Measured in the Fair Value Hierarchy	<u>33,687,817</u>	<u>\$ 15,352,949</u>	<u>\$ 18,334,868</u>	<u>\$ --</u>
Cash	<u>389,125</u>			
Total Investments	<u>\$ 34,076,941</u>			

Money market funds, exchange traded bond funds, equity mutual funds, exchange traded equity funds and bond mutual funds – These instruments are valued using the net asset value of shares held at year-end and based on quoted market prices in active markets. Where quoted prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy.

Certificates of deposit – Fair value is based on original cost plus accrued interest, which approximates fair value.

Government and corporate bonds – Fair values are estimated using pricing models, such as matrix pricing, quoted prices of securities with similar characteristics or discounted cash flows.

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 7 – RIGHT OF USE ASSET AND LEASE LIABILITY

As disclosed in Note 2, GLAAD adopted Topic 842 during the year ended September 30, 2023. GLAAD evaluated current contracts to determine which met the criteria of a lease. The right of use asset represents GLAAD’s right to use the underlying asset for the lease term, and the lease liability represent GLAAD’s obligation to make lease payments arising from the lease. The ROU asset and lease liability arose from an operating lease and was calculated based on the present value of future lease payments over the lease terms. GLAAD has made an accounting policy election to use a risk-free rate of 3.88% in lieu of its incremental borrowing rate to discount future lease payments.

In January 2022, GLAAD extended the term of its existing office space lease through May 31, 2025. The lease has an additional option for a one-year renewal which management is not reasonably certain to exercise. Therefore, the payments associated with the option are not included in the right of use asset nor the lease liability recognized as of September 30, 2023.

For the year ended September 30, 2023, total operating lease expense was \$409,060 and is included in occupancy in the accompany statement of functional expenses. Cash paid for operating leases for the year ended September 30, 2023, totaled \$402,667.

The maturity of the operating lease liability as of September 30, 2023, was as follows:

Year ending September 30,	Amount
2024	\$ 410,720
2025	<u>277,440</u>
Total Lease Liabilities Before Discount	688,160
Less: Present Value Discount	<u>(22,921)</u>
Lease Liability	<u>\$ 665,239</u>

NOTE 8 – LINE OF CREDIT

GLAAD maintains a revolving line of credit with a bank with a limit of \$2,000,000. The borrowings bear interest at the greater of 2.5% per year or the Prime Rate of City National Bank plus 0.5% per year. The line of credit matures on August 30, 2024. As of September 30, 2023, the balance on the line of credit was zero, and no amounts were drawn during the year.

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2023, are restricted for the following purposes:

Time Restrictions	\$	8,352,278
Purpose Restrictions:		
Sustaining Momentum & Building Diversity in the Fight Against HIV		564,541
LGBTQ Emerging Artists Program		423,215
GLAAD Media Institute		<u>142,189</u>
Total Purpose Restrictions		<u>1,129,945</u>
Net Assets With Donor Restrictions	\$	<u>9,482,223</u>

NOTE 10 – PRIOR PERIOD ADJUSTMENT

GLAAD identified the following adjustment to be made in the prior year financial statements to properly reflect a contribution without donor restrictions:

	<u>As Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
September 30, 2022:			
Net assets without donor restrictions	\$ 33,065,681	\$ 1,000,000	\$ 34,065,681
Net assets with donor restrictions	\$ 10,802,899	\$ (1,000,000)	\$ 9,802,899

NOTE 11 – EMPLOYEE BENEFIT PLAN

GLAAD has an Internal Revenue Code Section 403(b) qualified defined contribution retirement plan covering all of its employees, subject to certain eligibility requirements. GLAAD makes contributions at designated percentages of earnings in accordance with plan provisions. Employer contribution and administrative fees under this plan for the year ended September 30, 2023 were \$139,742.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 27, 2024, the date the financial statements were available to be issued. No events or transactions have occurred during this period that require recognition or disclosure in these financial statements.