



**GLAAD, INC.**

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**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020**

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors  
GLAAD, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of GLAAD, Inc. (a nonprofit organization), which comprise the Statement of Financial Position as of September 30, 2020, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GLAAD, Inc. as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITORS' REPORT

continued

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### Other Matter

#### *Report on Summarized Comparative Information*

We have previously audited GLAAD Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respect, with the audited financial statements from which it has been derived.

*Harrington Group*

Pasadena, California

April 28, 2021

**GLAAD, INC.**

STATEMENT OF FINANCIAL POSITION

September 30, 2020

With comparative totals at September 30, 2019

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>				
Cash	\$ 13,158,378	\$ -	\$ 13,158,378	\$ 2,527,135
Grants and pledges receivable, net (Note 4)	1,999,440	10,713,826	12,713,266	13,504,224
Prepaid expenses and other assets	79,864		79,864	170,875
Investments (Note 5)	4,281,400		4,281,400	4,260,086
Property and equipment (Note 6)	3,723		3,723	10,756
	<b>\$ 19,522,805</b>	<b>\$ 10,713,826</b>	<b>\$ 30,236,631</b>	<b>\$ 20,473,076</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 324,307	\$ -	\$ 324,307	\$ 487,583
Accrued liabilities (Note 7)	220,310		220,310	133,847
Deferred revenue (Note 8)	811,578		811,578	205,981
Paycheck protection program loan (Note 9)	807,800		807,800	-
	<b>2,163,995</b>	<b>-</b>	<b>2,163,995</b>	<b>827,411</b>
<b>NET ASSETS</b>				
Without donor restrictions	13,057,267		13,057,267	4,330,671
Without donor restrictions - board designated (Note 2)	4,301,543		4,301,543	3,658,846
With donor restrictions (Note 13)		10,713,826	10,713,826	11,656,148
	<b>17,358,810</b>	<b>10,713,826</b>	<b>28,072,636</b>	<b>19,645,665</b>
	<b>\$ 19,522,805</b>	<b>\$ 10,713,826</b>	<b>\$ 30,236,631</b>	<b>\$ 20,473,076</b>

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

**GLAAD, INC.**

STATEMENT OF ACTIVITIES  
For the year ended September 30, 2020  
With comparative totals for the year ended September 30, 2019

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2020</b>	<b>2019</b>
<b>REVENUE AND SUPPORT</b>				
Contributions	\$ 3,899,227	\$ 7,690,358	\$ 11,589,585	\$ 7,686,295
Special events	2,040,974		2,040,974	5,506,755
Less: direct costs (Note 15)	(684,839)		(684,839)	(2,742,600)
	<u>1,356,135</u>	<u>-</u>	<u>1,356,135</u>	<u>2,764,155</u>
Business development	4,313,528		4,313,528	2,004,940
In-kind revenue (Note 2)	187,148		187,148	500,067
Miscellaneous income	27,470		27,470	195,030
Investment income	53,024		53,024	143,508
Net assets released from program restrictions (Note 13)	7,690,358	(7,690,358)	-	-
Net assets released from time restrictions (Note 13)	942,322	(942,322)	-	-
	<u>18,469,212</u>	<u>(942,322)</u>	<u>17,526,890</u>	<u>13,293,995</u>
<b>TOTAL REVENUE AND SUPPORT</b>				
<b>EXPENSES</b>				
Program services	6,681,648		6,681,648	7,380,511
Management and general	947,324		947,324	929,169
Fund development	1,470,947		1,470,947	1,439,597
	<u>9,099,919</u>	<u>-</u>	<u>9,099,919</u>	<u>9,749,277</u>
<b>TOTAL EXPENSES</b>				
<b>CHANGE IN NET ASSETS</b>	<u>9,369,293</u>	<u>(942,322)</u>	<u>8,426,971</u>	<u>3,544,718</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>7,989,517</u>	<u>11,656,148</u>	<u>19,645,665</u>	<u>16,100,947</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 17,358,810</u>	<u>\$ 10,713,826</u>	<u>\$ 28,072,636</u>	<u>\$ 19,645,665</u>

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

**GLAAD, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended September 30, 2020  
With comparative totals for the year ended September 30, 2019

	<u>Media Institute Program</u>	<u>News and Rapid Response Program</u>	<u>Media Awards Program</u>	<u>Other Program</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Development</u>	<u>Total Expenses</u>	
								2020	2019
Salaries	\$ 1,330,565	\$ 700,671	\$ 997,341	\$ 289,071	\$ 3,317,648	\$ 289,499	\$ 711,278	\$ 4,318,425	\$ 3,762,992
Payroll taxes and benefits	250,862	132,103	188,036	54,501	625,502	57,212	121,792	804,506	679,896
Total personnel costs	<u>1,581,427</u>	<u>832,774</u>	<u>1,185,377</u>	<u>343,572</u>	<u>3,943,150</u>	<u>346,711</u>	<u>833,070</u>	<u>5,122,931</u>	<u>4,442,888</u>
Outside services (Note 2)	382,908	201,638	287,013	83,188	954,747	262,888	277,457	1,495,092	1,891,387
Occupancy	190,962	100,560	143,138	41,487	476,147	182,764	12,172	671,083	756,644
Other programmatic expenses	209,516	110,330	157,045	45,518	522,409	1,444	517	524,370	1,062,275
Telephone	90,106	47,449	67,540	19,576	224,671	52,498	151,119	428,288	197,134
Travel	55,597	29,277	41,673	12,079	138,626	8,852	20,420	167,898	476,681
Direct mail expenses	27,235	14,342	20,414	5,917	67,908	3,431	91,910	163,249	97,071
Bank and credit card fees	26,982	14,208	20,224	5,862	67,276	24,937	1,627	93,840	214,202
Miscellaneous	10,212	5,377	7,654	2,219	25,462	2,586	58,438	86,486	97,445
Insurance	20,395	10,740	15,287	4,431	50,853	19,521	1,300	71,674	120,155
Equipment lease and maintenance	21,506	11,325	16,120	4,672	53,623	13,169	942	67,734	52,285
Dues and subscriptions	16,774	8,833	12,573	3,644	41,824	6,202	7,027	55,053	68,614
Media materials and publications (Note 2)	13,568	7,145	10,170	2,948	33,831	-	8,356	42,187	95,882
Meetings and conferences	10,806	5,690	8,100	2,348	26,944	3,892	1,498	32,334	33,828
Professional fees	8,134	4,283	6,097	1,767	20,281	7,785	519	28,585	25,049
Supplies	3,914	3,914	5,571	1,615	18,532	5,324	2,333	26,189	42,439
Postage and printing	4,160	2,191	3,118	904	10,373	3,404	2,114	15,891	64,581
Depreciation	2,002	1,054	1,500	435	4,991	1,916	128	7,035	10,717
<b>TOTAL 2020 FUNCTIONAL EXPENSES</b>	<b><u>\$ 2,679,722</u></b>	<b><u>\$ 1,411,130</u></b>	<b><u>\$ 2,008,614</u></b>	<b><u>\$ 582,182</u></b>	<b><u>\$ 6,681,648</u></b>	<b><u>\$ 947,324</u></b>	<b><u>\$ 1,470,947</u></b>	<b><u>\$ 9,099,919</u></b>	
<b>TOTAL 2019 FUNCTIONAL EXPENSES</b>	<b><u>\$ 2,864,692</u></b>	<b><u>\$ 1,740,993</u></b>	<b><u>\$ 2,161,716</u></b>	<b><u>\$ 613,110</u></b>	<b><u>\$ 7,380,511</u></b>	<b><u>\$ 929,169</u></b>	<b><u>\$ 1,439,597</u></b>		<b><u>\$ 9,749,277</u></b>

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

**GLAAD, INC.**

STATEMENT OF CASH FLOWS  
For the year ended September 30, 2020  
With comparative totals for the year ended September 30, 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 8,426,971	\$ 3,544,718
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,035	10,717
Investment (income)	(53,024)	(143,508)
Change in value of the discount on pledges receivable	(57,678)	(38,831)
(Increase) decrease in operating assets:		
Pledges receivable	848,636	706,881
Prepaid expenses and other assets	91,011	(57,371)
Increase (decrease) in operating liabilities:		
Accounts payable	(163,276)	11,778
Accrued liabilities	86,463	(279,770)
Deferred revenue	605,597	165,442
	<b>9,791,735</b>	<b>3,920,056</b>
<b>CASH FLOWS FROM (TO) INVESTING ACTIVITIES:</b>		
Purchase of investments	-	(1,750,000)
Proceeds from sale of investments	31,708	31,787
	<b>31,708</b>	<b>(1,718,213)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from paycheck protection program loan	807,800	-
	<b>807,800</b>	<b>-</b>
<b>NET INCREASE IN CASH</b>	<b>10,631,243</b>	<b>2,201,843</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>2,527,135</b>	<b>325,292</b>
<b>CASH, END OF YEAR</b>	<b>\$ 13,158,378</b>	<b>\$ 2,527,135</b>

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



## GLAAD, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 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 the 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. And 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 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 GLAAD Media 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

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### 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 Youth Engagement Program is creating a nationwide network of young LGBTQ and ally activists nationwide who promote LGBTQ acceptance. Within this program, the Campus Ambassador Program builds a volunteer network of university and college LGBTQ and ally students who work with GLAAD and in their local communities to take action and build a movement to accelerate acceptance and end hate. The Rising Star Grants Program acknowledges and celebrates young people's commitment to enhancing LGBTQ representation within their communities and culture at large. Spirit Day, which began in 2010 as a way to show support for LGBTQ youth and take a stand against bullying, has grown into one of the most visible pro-LGBTQ youth initiatives in the nation.

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.

### 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.

#### **Net Assets**

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

**Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated \$4,301,543 from net assets without donor restrictions for an operating reserve. The designated amount represents 25% of the 2019 operating revenue less pledges. These funds are segregated in a separate account and are invested in fixed income funds, money market funds, or common stock.

continued

**2. Summary of Significant Accounting Policies, continued**

**With Donor Restrictions.** Net assets subject to donor (or certain grantor) imposed restrictions. 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.

**Contributions and Pledges Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Pledges receivable of \$12,713,266 at September 30, 2020 is expected to be collected over multiple years (see Note 4).

**Investments**

GLAAD values its investments at fair value. Fair value of contributed investments has been measured on a non-recurring basis using quoted prices for identical assets in active markets. Unrealized gains or losses (including investments bought, sold, and held during the year) are reflected in the Statement of Activities as gain or loss on investments. Short-term highly liquid money market deposits that are not used for operations are treated as investments.

**Fair Value Measurements**

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

GLAAD is required to measure certain investments, and donated goods and services at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

**2. Summary of Significant Accounting Policies, continued**

**Concentration of Credit Risks**

GLAAD places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. GLAAD has not incurred losses related to these investments.

GLAAD holds investments in the form of mutual funds, equities, and money market funds. The Board of Directors routinely reviews market values of these investments.

**Property and Equipment**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand dollars and the useful life is greater than one year.

**Donated Services**

Contributions of donated 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, are recorded at fair value in the period received. For the year ended September 30, 2020, GLAAD recorded \$187,148 in donated professional services related to legal expenses.

**Income Taxes**

GLAAD is exempt from taxation 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 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.

**Functional Allocation of Expenses**

Costs of providing GLAAD's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. GLAAD uses salary dollars to allocate indirect costs.

2. **Summary of Significant Accounting Policies**, continued

**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.

**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 as of the date and for the period presented. Actual results could differ from those estimates.

**Recently Adopted Accounting Pronouncements**

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expanded disclosures about revenue. GLAAD has implemented Topic 606 and have adjusted the presentation in these financial statements accordingly.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The ASU is effective for fiscal years beginning after December 31, 2018. Retrospective application is permitted. GLAAD has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements for the year ended September 30, 2020 under a modified prospective basis, as management believes the standard improves the usefulness and the understandability of the entity’s financial reporting. Accordingly, there is no effect on net assets in connection with GLAAD’s implementation of ASU 2018-08.

**Comparative Totals**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with GLAAD’s financial statements for the nine-month period ended September 30, 2019, from which the summarized information was derived.

# GLAAD, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### Reclassification

For comparability, certain September 30, 2019 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at September 30, 2020.

### 3. Liquidity and Availability of Resources

As of September 30, 2020, the following tables show the total financial assets held by GLAAD and the amounts of those financial assets that could readily be made available within one year of the fiscal year-end to meet general expenditures:

Financial assets at year-end	
Cash	\$13,158,378
Cash reserve	2,044,864
Grants and pledges receivable	12,713,266
Investments, net of cash reserve	<u>2,236,536</u>
Total financial assets at year-end	<u>\$30,153,044</u>

Financial assets available to meet general expenditures over the next twelve months:

Cash	\$13,158,378
Cash reserve	2,044,864
Grants and pledges receivables, without donor and time restrictions	1,999,440
Investments, net of cash reserve	<u>2,236,536</u>
Total financial assets available within one year	<u>\$19,439,218</u>

### 4. Grants and Pledges Receivable

Grants and pledges receivable are recorded as support when pledged unless designated otherwise. Additionally, all grants and pledges are valued at estimated fair value at September 30, 2020, and are deemed fully collectible. Accordingly, no allowance for doubtful accounts has been recorded. Discount rates ranging from .5% to 3% has been used to calculate the present value of pledges receivable. Pledges receivable at September 30, 2020 are expected to be collected as follows:

Within one year	\$ 1,919,440
One to five years	5,100,000
Thereafter	<u>8,000,000</u>
	15,019,440
Less: unamortized discount on pledges receivable	<u>(2,306,174)</u>
	<u>\$12,713,266</u>

continued

## GLAAD, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 5. Investments

Investments at September 30, 2020 consist of the following:

Mutual funds	\$3,497,507
Equities	718,966
Money market funds	<u>64,927</u>
	<u>\$4,281,400</u>

#### 6. Property and Equipment

Property and equipment at September 30, 2020 consist of the following:

Computers and equipment	\$ 1,262,189
Furniture and fixtures	300,646
Leasehold improvements	<u>247,496</u>
	1,810,331
Less: accumulated depreciation	<u>(1,806,608)</u>
	<u>\$ 3,723</u>

Depreciation expense for the year ended September 30, 2020 was \$7,035.

#### 7. Accrued Liabilities

Accrued liabilities at September 30, 2020 consist of the following:

Accrued vacation	\$214,887
Other accrued liabilities	<u>5,423</u>
	<u>\$220,310</u>

#### 8. Deferred Revenue

At September 30, 2020, deferred revenue of \$811,578 consists of revenue received for activities to be held in the next fiscal quarter. The amounts will be recorded as earned in the period in which the programs are conducted.

# GLAAD, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 9. Paycheck Protection Program

In April 2020, GLAAD received loan proceeds in the amount of \$807,800 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its full-time equivalency levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. GLAAD intends to use the proceeds for purposes consistent with the PPP. GLAAD currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan.

### 10. Line of Credit

GLAAD maintains a revolving line of credit with a bank with a limit of \$1,000,000. The borrowings bear interest of 1.25%. The line of credit matures on October 8, 2021. As of September 30, 2020, the balance on the line of credit was \$0.

### 11. Commitments and Contingencies

#### Obligations Under Operating Leases

GLAAD leases certain facilities and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

<u>Year ending September 30,</u>	
2021	\$ 642,775
2022	<u>515,617</u>
	<u>\$1,157,942</u>

Rent and lease expenses under operating leases for the year ended September 30, 2020 was \$632,122.

#### Impact of COVID-19 Virus

Following the State “Safer at Home” order to close all non-essential activities, GLAAD, has been conducting business activities under Safer at Home isolation protocols. The overall long-term financial impact of the COVID-19 virus on GLAAD cannot be foreseen at this time and is not reflected in these financial statements.

continued



## GLAAD, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 12. Fair Value Measurements

The table below presents the balances of assets measured at fair value at September 30, 2020 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Short-term bond	\$1,104,325	\$ -	\$ -	<b>\$1,104,325</b>
Multisector bond	679,600			<b>679,600</b>
US govt money market	679,600			<b>679,600</b>
Intermediate-term bond	459,769			<b>459,769</b>
Nontraditional bond	221,888			<b>221,888</b>
Large growth	191,190			<b>191,190</b>
Flexible income	<u>161,135</u>	<u>          </u>	<u>          </u>	<b><u>161,135</u></b>
Total mutual funds	<u>3,497,507</u>	<u>          </u>	<u>          </u>	<b><u>3,497,507</u></b>
Equities				
Large blend	549,049			<b>549,049</b>
World stock	<u>169,917</u>	<u>          </u>	<u>          </u>	<b><u>169,917</u></b>
Total equities	<u>718,966</u>	<u>          </u>	<u>          </u>	<b><u>718,966</u></b>
Total	<u>\$4,216,473</u>	<u>\$          </u>	<u>\$          </u>	<b><u>\$4,216,473</u></b>

The fair values of mutual funds and equities have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The table below presents the transactions measured at fair value during the year ended September 30, 2020 on a non-recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated professional services	<u>\$          </u>	<u>\$187,148</u>	<u>\$          </u>	<b><u>\$187,148</u></b>
Total	<u>\$          </u>	<u>\$187,148</u>	<u>\$          </u>	<b><u>\$187,148</u></b>

The fair value of donated professional services have been measured on a non-recurring basis using quoted prices for similar assets in inactive market (Level 2 inputs).

#### 13. Net Assets With Donor Restrictions

Net assets with donor restrictions at September 30, 2020, are restricted for the following purposes:

<u>Time Restrictions:</u>	\$13,000,000
Less: unamortized discount on time-restricted pledges	<u>(2,306,174)</u>
Time-restricted, net of discount	10,693,826
<u>Purpose Restrictions:</u>	
GLAAD Media Institute	<u>20,000</u>
Net assets with donor restrictions	<b><u>\$10,713,826</u></b>

continued

## GLAAD, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 13. Net Assets With Donor Restrictions, continued

During the year ended September 30, 2020, GLAAD released \$8,632,680 of net assets with donor restrictions, of which \$7,690,358 was released from purpose restrictions, and \$942,322 from time restrictions.

#### 14. 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, 2020 were \$60,674.

#### 15. Special Events - Direct Costs

Direct costs for the special events at September 30, 2020 are as follows:

Event costs	\$471,902
Personnel costs	184,105
Travel	17,972
Other	<u>10,860</u>
Total	<u>\$684,839</u>

#### 16. Subsequent Events and Transactions

In February 2021, GLAAD received its second draw Payroll Protection Program funding loan through the U.S. Small Business Administration in the amount of \$811,000. This loan was offered to qualifying small businesses in order to provide financial assistance during the COVID-19 crisis and is to be used to cover payroll costs and other qualifying expenses. Under the terms of this loan, the loan may be forgiven in full or in part provided it is used to pay for qualifying expenses.

Also, subsequent to fiscal year end, GLAAD increased the line of credit amount from \$1,000,000 to \$2,000,000.

Management has evaluated subsequent events through April 28, 2021, the date which the financial statements were available for issue. Other than the events noted above, no other events or transactions have occurred during this period that appear to require recognition or disclose in the financial statement.