

GLAAD, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

CONTENTS

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-17

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
GLAAD, Inc.

Opinion

We have audited the accompanying financial statements of GLAAD, Inc. (a nonprofit organization), which comprise the Statement of Financial Position as of September 30, 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of GLAAD, Inc. as of September 30, 2022, and the results of its operations and its cash flows for the year 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. 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 GLAAD, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 GLAAD, Inc.'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 generally accepted auditing standards 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.

INDEPENDENT AUDITORS' REPORT

continued

In performing an audit in accordance with generally accepted auditing standards, 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 GLAAD, Inc.'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 GLAAD, Inc.'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.

Other Matter

Report on Summarized Comparative Information

We have previously audited GLAAD, Inc.'s September 30, 2021, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 26, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Group

Pasadena, California

May 30, 2023

GLAAD, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2022

With comparative totals at September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
ASSETS				
Cash	\$ 15,285,914	\$ -	\$ 15,285,914	\$ 12,556,029
Grants and pledges receivable, net (Note 4)	4,570,336	8,864,250	13,434,586	12,828,741
Prepaid expenses and other assets	766,638		766,638	280,803
Investments (Note 5)	14,730,226	1,938,649	16,668,875	18,560,267
Property and equipment (Note 6)	-		-	1,077
	\$ 35,353,114	\$ 10,802,899	\$ 46,156,013	\$ 44,226,917
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 694,833	\$ -	\$ 694,833	\$ 596,521
Accrued liabilities (Note 7)	622,450		622,450	397,433
Deferred revenue (Note 8)	970,150		970,150	427,026
Paycheck protection program loan (Note 9)			-	811,000
	2,287,433	-	2,287,433	2,231,980
NET ASSETS				
Without donor restrictions	28,526,457		28,526,457	25,055,919
Without donor restrictions - board designated (Note 2)	4,539,224		4,539,224	5,814,038
With donor restrictions (Note 13)		10,802,899	10,802,899	11,124,980
	33,065,681	10,802,899	43,868,580	41,994,937
	\$ 35,353,114	\$ 10,802,899	\$ 46,156,013	\$ 44,226,917

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

GLAAD, INC.

STATEMENT OF ACTIVITIES
For the year ended September 30, 2022
With comparative totals for the year ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
REVENUE AND SUPPORT				
Contributions	\$ 5,012,095	\$ 3,413,538	\$ 8,425,633	\$ 15,252,781
Forgiveness of paycheck protection program loan (Note 9)	811,000		811,000	807,800
Special events	4,557,971		4,557,971	1,988,483
Less: direct costs (Note 15)	(2,037,734)		(2,037,734)	(415,705)
	<u>2,520,237</u>	-	<u>2,520,237</u>	<u>1,572,778</u>
Business development	6,287,138		6,287,138	7,149,747
In-kind revenue (Note 2)	250,104		250,104	155,591
Investment (loss) income	(1,804,933)		(1,804,933)	40,562
Miscellaneous income	56,806		56,806	4,945
Net assets released from program restrictions (Note 13)	2,774,888	(2,774,888)	-	-
Net assets released from time restrictions (Note 13)	960,731	(960,731)	-	-
	<u>16,868,066</u>	<u>(322,081)</u>	<u>16,545,985</u>	<u>24,984,204</u>
EXPENSES				
Program services	12,361,578		12,361,578	8,528,649
Management and general	1,232,741		1,232,741	938,022
Fund development	1,078,023		1,078,023	1,595,232
	<u>14,672,342</u>	-	<u>14,672,342</u>	<u>11,061,903</u>
CHANGE IN NET ASSETS	<u>2,195,724</u>	<u>(322,081)</u>	<u>1,873,643</u>	<u>13,922,301</u>
NET ASSETS, BEGINNING OF YEAR	<u>30,869,957</u>	<u>11,124,980</u>	<u>41,994,937</u>	<u>28,072,636</u>
NET ASSETS, END OF YEAR	<u>\$ 33,065,681</u>	<u>\$ 10,802,899</u>	<u>\$ 43,868,580</u>	<u>\$ 41,994,937</u>

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

GLAAD, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2022
With comparative totals for the year ended September 30, 2021

	Program Services				Total Program Services	Management and General	Fund Development	Total Expenses	
	Media Institute Program	News and Rapid Response Program	Media Awards Program	Other Program				2022	2021
Salaries	\$ 2,620,123	\$ 1,154,061	\$ 777,552	\$ 805,454	\$ 5,357,190	\$ 613,177	\$ 492,404	\$ 6,462,771	\$ 4,762,748
Payroll taxes and benefits	451,174	198,748	133,907	138,712	922,541	105,599	84,800	1,112,940	1,105,642
Total personnel costs	3,071,297	1,352,809	911,459	944,166	6,279,731	718,776	577,204	7,575,711	5,868,390
Outside services (Note 2)	1,018,014	448,447	302,143	150,966	1,919,570	131,639	264,532	2,315,741	2,210,844
Other programmatic expenses	699,197	308,005	207,519	214,966	1,429,687			1,429,687	779,704
Occupancy	285,983	125,979	84,879	87,925	584,766	66,935	53,752	705,453	677,881
Travel	186,022	81,945	55,211	57,192	380,370	43,539	34,964	458,873	47,438
Media materials and publications (Note 2)	322,918	142,249	95,841	99,280	660,288		60,694	796,562	156,224
Telecommunications	128,292	56,514	38,077	39,443	262,326	30,027	24,113	316,466	437,282
In-kind (Note 16)				162,019	162,019	88,085		250,104	155,591
Insurance	68,686	30,257	20,386	21,117	140,446	16,076	12,910	169,432	76,839
Bank and credit card fees	68,030	29,968	20,191	20,916	139,105	15,923	12,786	167,814	136,714
Direct mail expenses	53,349	23,501	15,834	16,402	109,086	12,487	10,027	131,600	195,731
Meetings and conferences	35,360	15,576	10,495	10,871	72,302	8,276	6,646	87,224	26,209
Dues and subscriptions	35,009	15,422	10,390	10,763	71,584	8,194	6,580	86,358	64,730
Equipment lease and maintenance	27,439	12,087	8,144	8,436	56,106	6,422	5,157	67,685	71,420
Miscellaneous	16,658	7,338	4,944	5,122	34,062	3,899	3,131	41,092	53,450
Postage and printing	13,487	5,941	4,003	4,147	27,578	3,157	2,535	33,270	32,275
Professional fees	12,069	5,316	3,582	3,711	24,678	2,825	2,268	29,771	30,516
Supplies	3,414	1,504	1,013	1,050	6,981	799	642	8,422	38,019
Depreciation	437	192	130	134	893	102	82	1,077	2,646
TOTAL 2022 FUNCTIONAL EXPENSES	\$ 6,045,661	\$ 2,663,050	\$ 1,794,241	\$ 1,858,626	\$ 12,361,578	\$ 1,232,741	\$ 1,078,023	\$ 14,672,342	
TOTAL 2021 FUNCTIONAL EXPENSES	\$ 4,369,379	\$ 2,296,359	\$ 1,371,994	\$ 490,917	\$ 8,528,649	\$ 938,022	\$ 1,595,232		\$ 11,061,903

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

GLAAD, INC.

STATEMENT OF CASH FLOWS
For the year ended September 30, 2022
With comparative totals for the year ended September 30, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,873,643	\$ 13,922,301
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of paycheck protection program loan	(811,000)	(807,800)
Depreciation	1,077	2,646
Investment loss (income)	1,804,933	(40,562)
Change in value of the discount on pledges receivable	(94,269)	(76,155)
(Increase) decrease in operating assets:		
Pledges receivable	(605,845)	(115,475)
Prepaid expenses and other assets	(485,835)	(200,939)
Increase (decrease) in operating liabilities:		
Accounts payable	98,312	272,214
Accrued liabilities	225,017	177,123
Deferred revenue	543,124	(384,552)
	2,549,157	12,748,801
CASH FLOWS TO INVESTING ACTIVITIES:		
Purchase of investments	(1,854,423)	(14,202,568)
Proceeds from sale of investments	2,035,151	40,418
	180,728	(14,162,150)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from paycheck protection program loan	-	811,000
	-	811,000
NET INCREASE (DECREASE) IN CASH	2,729,885	(602,349)
CASH, BEGINNING OF YEAR	12,556,029	13,158,378
CASH, END OF YEAR	\$ 15,285,914	\$ 12,556,029

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

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

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 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

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.

GLAAD, in 2022, has a 4-star rating, the highest possible per Charity Navigator. 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.

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 \$4,539,224 from net assets without donor restrictions for an operating reserve. The designated amount represents 25% of the 2022 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.

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 \$13,434,586 at September 30, 2022 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.

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

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 and governing policies 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 \$5,000 and the useful life is greater than one year.

Donated Materials and 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, 2022, GLAAD recorded \$250,104 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.

2. Summary of Significant Accounting Policies, continued

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.

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.

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 ended September 30, 2021, from which the summarized information was derived.

Recently Adopted Accounting Pronouncement

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU clarifies the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items, to increase transparency and comparability surrounding contributed nonfinancial assets through enhancements to presentation and disclosure. The ASU requires to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, include in disclosures a disaggregation of the amount of contributed nonfinancial assets by category, for each category, additional qualitative disclosures. The update does not change existing recognition and measurement requirements for contributed nonfinancial assets. The ASU is effective for fiscal years beginning after June 15, 2021. GLAAD's financial statements for the year ended September 30, 2022 are presented in accordance with ASU 2020-07 (see Note 16).

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Reclassification

For comparability, certain September 30, 2021 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at September 30, 2022.

Subsequent Events

Management has evaluated subsequent events through May 30, 2023, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

3. Liquidity and Availability of Resources

As of September 30, 2022, 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	\$15,285,914
Cash reserve	7,878,644
Grants and pledges receivable	13,434,586
Investments, net of cash reserve	<u>8,790,168</u>
Total financial assets at year-end	<u>\$45,389,312</u>

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

Cash	\$15,285,914
Cash reserve	7,878,644
Grants and pledges receivables, without donor and time restrictions	4,570,336
Investments, net of cash reserve	<u>8,790,168</u>
Total financial assets available within one year	<u>\$36,525,062</u>

continued

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

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, 2022, 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, 2022 are expected to be collected as follows:

Within one year	\$ 2,395,451
One to five years	8,174,885
Thereafter	<u>5,000,000</u>
	15,570,336
Less: unamortized discount on pledges receivable	<u>(2,135,750)</u>
	<u>\$13,434,586</u>

5. Investments

Investments at September 30, 2022 consist of the following:

Fixed Income	\$11,042,945
Cash Alternatives	3,135,565
Equities	2,338,495
Real Assets	<u>151,870</u>
	<u>\$16,668,875</u>

6. Property and Equipment

Property and equipment at September 30, 2022 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>(1,810,331)</u>
	<u>\$ =</u>

Depreciation expense for the year ended September 30, 2022 was \$1,077.

continued

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

7. Accrued Liabilities

Accrued liabilities at September 30, 2022 consist of the following:

Accrued vacation	\$566,871
Other accrued liabilities	<u>55,579</u>
	<u>\$622,450</u>

8. Deferred Revenue

At September 30, 2022, deferred revenue of \$970,150 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.

9. Paycheck Protection Program Loan

In April 2020, GLAAD received loan proceeds in the amount of \$807,800 under the first draw of the Paycheck Protection Program ("PPP") funding. In September 2021, GLAAD was notified by the Small Business Administration ("SBA") that their loan forgiveness application for this first draw of the PPP loan was approved. The amount has been accounted for and presented in the statement of activities as of September 30, 2021.

In February 2021, GLAAD received loan proceeds in the amount of \$811,000 under the second draw of the Paycheck Protection Program ("PPP") funding. In May 2022, GLAAD was notified by the SBA that their loan forgiveness application for the second draw of the Paycheck Protection Program ("PPP") loan was approved. The amount has been accounted for and presented in the Statement of Activities as of September 30, 2022.

The SBA reserves the right to review any loan in their discretion and the SBA will review a loan of any size at any time. Areas of review include eligibility, necessity, calculation of the loan amount, use of loan proceeds, and the calculation of the loan forgiveness amount. PPP loan documentation should be retained for six years after the date the loan is forgiven or repaid in full.

10. Line of Credit

GLAAD maintains a revolving line of credit with a bank with a limit of \$2,000,000. The borrowings bear interest of 1.25%. The line of credit matures on July 30, 2023. As of September 30, 2022, the balance on the line of credit was \$0.

continued

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

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>	
2023	\$ 590,455
2024	410,720
2025	<u>277,440</u>
	<u>\$1,278,615</u>

Rent and lease expenses under operating leases for the year ended September 30, 2022 was \$704,613.

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.

12. Fair Value Measurements

The table below presents the balances of assets measured at fair value at September 30, 2022 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities				
Domestic mutual funds	\$1,204,841	\$ -	\$ -	\$1,204,841
International mutual Funds	487,083			487,083
Domestic common and foreign stock	248,012			248,012
Information technology	139,005			139,005
Health care	78,115			78,115
Consumer Discretionary	59,695			59,695
Financials	51,060			51,060
Energy	25,805			25,805
Consumer staples	24,207			24,207
Industrials	16,202			16,202
Materials	4,470			4,470
Total equities	<u>2,338,495</u>	<u>-</u>	<u>-</u>	<u>2,338,495</u>

continued

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

12. Fair Value Measurements, continued

Real Assets				
Real estate				
investment trusts	135,136			135,136
Mutual fund	12,264			12,264
Real asset funds	<u>4,470</u>			<u>4,470</u>
Total real assets	<u>151,870</u>	<u>-</u>	<u>-</u>	<u>151,870</u>
Total	<u>\$2,490,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,490,365</u>

The fair values of equities and real assets 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, 2022 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>\$250,104</u>	<u>\$ -</u>	<u>\$250,104</u>
Total	<u>\$ -</u>	<u>\$250,104</u>	<u>\$ -</u>	<u>\$250,104</u>

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, 2022, are restricted for the following purposes:

<u>Time Restrictions:</u>	\$11,000,000
Less: unamortized discount on time-restricted pledges	<u>(2,085,750)</u>
Time-restricted, net of discount	8,914,250
 <u>Board designated:</u>	
Board Designated Quasi Endowment	1,000,000
 <u>Purpose Restrictions:</u>	
GLAAD Media Institute	<u>888,649</u>
Net assets with donor restrictions	<u>\$10,802,899</u>

During the year ended September 30, 2022, GLAAD released \$3,735,619 of net assets with donor restrictions, of which \$2,774,888 was released from purpose restrictions, and \$960,731 from time restrictions.

continued

GLAAD, INC.

NOTES TO FINANCIAL STATEMENTS

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, 2022 were \$80,121.

15. Special Events - Direct Costs

Direct costs for the special events at September 30, 2022 are as follows:

Event costs	\$1,878,863
Personnel costs	151,852
Travel	<u>7,019</u>
Total	<u>\$2,037,734</u>

16. Donated Services

During the fiscal year ended September 30, 2022, GLAAD received \$250,104 in donated professional legal services, which were valued at the estimated fair market rate at the time of the contribution. The donated services were used in program services and general operations and were allocated as follows:

Other programs services	\$162,019
Management and general	<u>88,085</u>
Total	<u>\$250,104</u>