



Certified Public Accountants, LLP

**GLAAD, INC.**

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**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017**

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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, 2017, 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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 31, 2017. In our opinion, the summarized comparative information presented herein as of and for the nine-month period ended September 30, 2016, is consistent, in all material respect, with the audited financial statements from which it has been derived.

*Harrington Group*

Pasadena, California

February 8, 2018

**GLAAD, INC.**

STATEMENT OF FINANCIAL POSITION

September 30, 2017

With comparative totals at September 30, 2016

	Unrestricted	Temporarily Restricted	2017	2016
<b>ASSETS</b>				
Cash	\$ 1,273,286	\$ 150,000	\$ 1,423,286	\$ 1,361,740
Grants and pledges receivable, net (Note 3)	396,336	1,500,000	1,896,336	1,330,595
Prepaid expenses and other assets	186,461		186,461	338,127
Charitable trust			-	36,374
Investments (Note 4)	3,781,230		3,781,230	3,572,346
Property and equipment (Note 5)	37,849		37,849	50,474
	<b>5,675,162</b>	<b>1,650,000</b>	<b>7,325,162</b>	<b>6,689,656</b>
<b>TOTAL ASSETS</b>				
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 347,537	\$ -	\$ 347,537	\$ 26,948
Accrued liabilities (Note 6)	241,234		241,234	362,306
Deferred revenue (Note 7)	438,048		438,048	189,267
	<b>1,026,819</b>	<b>-</b>	<b>1,026,819</b>	<b>578,521</b>
<b>TOTAL LIABILITIES</b>				
<b>NET ASSETS</b>				
Unrestricted	2,436,030		2,436,030	2,217,195
Unrestricted board designated (Note 2)	2,212,313		2,212,313	2,390,080
Temporarily restricted (Note 10)		1,650,000	1,650,000	1,503,860
	<b>4,648,343</b>	<b>1,650,000</b>	<b>6,298,343</b>	<b>6,111,135</b>
<b>TOTAL NET ASSETS</b>				
<b>TOTAL LIABILITIES AND NET ASSETS</b>				
	<b>\$ 5,675,162</b>	<b>\$ 1,650,000</b>	<b>\$ 7,325,162</b>	<b>\$ 6,689,656</b>

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

**GLAAD, INC.**

STATEMENT OF ACTIVITIES

For the twelve-months ended September 30, 2017

With comparative totals for the nine-months ended September 30, 2016

	Unrestricted	Temporarily Restricted	Twelve-Months 2017	Nine-Months 2016
<b>REVENUE AND SUPPORT</b>				
Contributions	\$ 4,242,325	\$ 1,150,000	\$ 5,392,325	\$ 3,329,502
In-kind revenue (Note 2)	1,337,063		1,337,063	2,082,455
Special events	5,045,857		5,045,857	4,454,484
Less: direct costs (Note 12)	(2,997,968)		(2,997,968)	(2,809,756)
	2,047,889	-	2,047,889	1,644,728
Investment income	195,931		195,931	176,331
Miscellaneous income	61,865		61,865	58,472
Net assets released from program restrictions	259,860	(259,860)	-	-
Net assets released from time restrictions	744,000	(744,000)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<u>8,888,933</u>	<u>146,140</u>	<u>9,035,073</u>	<u>7,291,488</u>
<b>EXPENSES</b>				
Program services	5,999,192		5,999,192	4,347,889
Management and general	1,025,765		1,025,765	499,462
Fund development	1,822,908		1,822,908	881,512
<b>TOTAL EXPENSES</b>	<u>8,847,865</u>	<u>-</u>	<u>8,847,865</u>	<u>5,728,863</u>
<b>CHANGE IN NET ASSETS</b>	<u>41,068</u>	<u>146,140</u>	<u>187,208</u>	<u>1,562,625</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>4,607,275</u>	<u>1,503,860</u>	<u>6,111,135</u>	<u>4,548,510</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 4,648,343</u>	<u>\$ 1,650,000</u>	<u>\$ 6,298,343</u>	<u>\$ 6,111,135</u>

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

**GLAAD, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

For the twelve-months ended September 30, 2017

With comparative totals for the nine-months ended September 30, 2016

	<b>Program Services</b>	<b>Management and General</b>	<b>Fund Development</b>	<b>Total Expenses</b>	
				<b>Twelve-Months 2017</b>	<b>Nine-Months 2016</b>
Salaries	\$ 2,270,376	\$ 207,512	\$ 605,838	\$ 3,083,726	\$ 1,772,716
Payroll taxes and benefits	390,769	39,858	100,630	531,257	318,258
Total personnel costs	<u>2,661,145</u>	<u>247,370</u>	<u>706,468</u>	<u>3,614,983</u>	<u>2,090,974</u>
Outside services (Note 2)	689,511	228,782	352,815	1,271,108	465,487
Travel	508,253	172,249	227,399	907,901	482,580
Other programmatic expenses	886,414	18,112	683	905,209	120,910
Media materials and publications (Note 2)	676,744	1,368	37,178	715,290	1,677,711
Occupancy	226,890	213,067	261,414	701,371	478,250
Telephone	119,389	24,963	19,520	163,872	89,468
Bank and credit card fees	44,241	41,746	53,807	139,794	73,533
Insurance	31,837	30,885	35,169	97,891	56,192
Direct mail expense	31,672	3,721	40,160	75,553	16,891
Dues and subscriptions	13,876	881	29,156	43,913	17,878
Depreciation	14,096	13,675	15,572	43,343	31,046
Equipment lease and maintenance	23,345	10,348	9,215	42,908	20,289
Meetings and conferences	21,195	4,630	9,320	35,145	30,902
Postage and printing	29,547	194	1,327	31,068	12,747
Miscellaneous	8,042	7,289	14,150	29,481	44,388
Supplies	12,995	6,485	9,555	29,035	19,617
<b>TOTAL 2017 FUNCTIONAL EXPENSES</b>	<b>\$ 5,999,192</b>	<b>\$ 1,025,765</b>	<b>\$ 1,822,908</b>	<b>\$ 8,847,865</b>	
<b>TOTAL 2016 FUNCTIONAL EXPENSES</b>	<b>\$ 4,347,889</b>	<b>\$ 499,462</b>	<b>\$ 881,512</b>		<b>\$ 5,728,863</b>

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

**GLAAD, INC.**

## STATEMENT OF CASH FLOWS

For the twelve-months ended September 30, 2017

With comparative totals for the nine-months ended September 30, 2016

	<b>Twelve-Months 2017</b>	<b>Nine-Months 2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 187,208	\$ 1,562,625
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	43,343	31,046
Net change in donated travel vouchers (other assets)	143,715	(55,515)
Investment (income)	(172,210)	(176,331)
(Increase) decrease in operating assets:		
Pledges receivable	(565,741)	(1,280,595)
Prepaid expenses and other assets:		
Charitable trust	7,951	(34,652)
Charitable trust	36,374	480,888
Increase (decrease) in operating liabilities:		
Accounts payable	320,589	(33,866)
Accrued liabilities	(121,072)	167,615
Deferred revenue	248,781	124,169
	<b>128,938</b>	<b>785,384</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS TO INVESTING ACTIVITIES:</b>		
Purchase of investments	(1,641,195)	(618,653)
Proceeds from sale of investments	1,604,521	-
Purchase of property and equipment	(30,718)	(9,749)
	<b>(67,392)</b>	<b>(628,402)</b>
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>		
<b>NET INCREASE IN CASH</b>	<b>61,546</b>	<b>156,982</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>1,361,740</b>	<b>1,204,758</b>
<b>CASH, END OF YEAR</b>	<b>\$ 1,423,286</b>	<b>\$ 1,361,740</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 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.

In 2016, as reflected in the comparative financial statements, GLAAD changed its year end from December 31 to September 30. As such, the comparative financial statements reflect nine months of activity and the current financial statements reflect twelve months of activity.

### 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.

#### **Accounting**

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of GLAAD are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

**Unrestricted.** These generally result from revenue generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

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

**Unrestricted Board Designated.** These are comprised of resources that the Board of Directors has established as being designated for operation purposes. The Board has designated 25% of the 2017 operating revenues to be kept in reserve. These funds are segregated in a separate account and are invested in fixed income funds, money market funds, or common stocks. For purposes of complying with net asset accounting, these funds of \$2,212,313 are included in the unrestricted net assets at September 30, 2017.

**Temporarily Restricted.** GLAAD reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions. GLAAD had \$1,650,000 of temporarily restricted net assets at September 30, 2017.

**Permanently Restricted.** These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit GLAAD to expend all of the income (or other economic benefits) derived from the donated assets. GLAAD had no permanently restricted net assets at September 30, 2017.

**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 \$1,896,336 at September 30, 2017 is expected to be collected over multiple years (see Note 3).

**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.

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

**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, a charitable trust, 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.

**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 Materials and Services**

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. 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, 2017, GLAAD recorded \$1,337,063 in donated goods/materials, hotel and travel vouchers, and professional services. Of that amount, \$309,000 was related to events and was included as part of special event revenue and expenses; \$1,028,063 was related to operating expenses and was included in travel expense and outside services in the Statement of Functional Expenses; and, the remaining \$47,900, which reflects the value of unused travel vouchers, was included in "prepaid and other assets" at September 30, 2017.

## GLAAD, INC.

### NOTES TO FINANCIAL STATEMENTS

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

The amount of \$47,900 is expected to be expensed in the subsequent year due to the one-year term on the travel vouchers received. The \$1,028,063 of in-kind expenses included in the Statement of Functional Expenses for the year ended September 30, 2017 was allocated as follows:

Program Services	\$ 699,083
Management and General	123,367
Fund Development	<u>205,613</u>
	<u>\$1,028,063</u>

Included in the \$1,028,063 of operating expenses was donated airtime for public service announcements valued at \$550,529 for the year ended September 30, 2017. The donated airtime was included in media materials and publications in the Statement of Functional Expenses for the year ended September 30, 2017.

In the prior fiscal year 2016, the organization received donated air time valued at \$1,651,586. Which resulted in a significant one-time increase in Program Expenses as reported in the Statement of Functional 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**

In fiscal year 2017, several factors caused an increase in the proportion of expenses allocated to Fundraising. First, the prior year did not include efforts related to our end of year giving appeal. Furthermore, several sizable investments were made in order to build the organization's fundraising capacity. These included increased staff and consulting services to increase our ability to raise funds from an expanded membership program, and additional staff, as well as improved software and training for our donor services function. The increase in expenses allocated to Management and General is due to the move of our Finance and Operations Management functions from Los Angeles to New York, along with the planned insourcing of functions previously contracted to external consultants.

**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 nine-month period ended September 30, 2016, from which the summarized information was derived.

**Reclassification**

Certain amounts from the September 30, 2016 financial statements have been reclassified for comparative purposes to conform to September 30, 2017 presentation.

**Subsequent Events**

Management has evaluated subsequent events through February 8, 2018, 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.

# GLAAD, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 3. 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, 2017, 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, 2017 are expected to be collected as follows:

Within one year	\$1,345,400
One to five years	<u>560,000</u>
	1,905,400
Less: unamortized discount on pledges receivable	<u>(9,064)</u>
	<u>\$1,896,336</u>

### 4. Investments

Investments at September 30, 2017 consist of the following:

Mutual funds	\$3,133,881
Equities	486,958
Money market funds	<u>160,391</u>
	<u>\$3,781,230</u>

### 5. Property and Equipment

Property and equipment at September 30, 2017 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>(1,772,482)</u>
	<u>\$ 37,849</u>

Depreciation expense for the year ended September 30, 2017 was \$43,343.

### 6. Accrued Liabilities

Accrued liabilities at September 30, 2017 consist of the following:

Accrued vacation	\$216,863
Other accrued liabilities	<u>24,371</u>
	<u>\$241,234</u>

continued

## GLAAD, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 7. Deferred Revenue

At September 30, 2017, deferred revenue of \$438,048 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.

#### 8. 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 ended September 30,</u>	
2018	\$ 465,444
2019	378,016
2020	385,928
2021	397,505
2022	<u>270,251</u>
	<u>\$1,897,144</u>

Rent and lease expenses under operating leases for the year ended September 30, 2017 was \$735,000.

#### 9. Fair Value Measurements

The table below presents the balances of assets measured at fair value at September 30, 2017 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Intermediate-term bond	\$1,254,969	\$ -	\$ -	\$1,254,969
Multisector bond	789,469			789,469
Short-term bond	310,000			310,000
High yield bond	215,420			215,420
Nontraditional bond	169,083			169,083
Bank loan	152,827			152,827
Large growth	123,246			123,246
International allocation	<u>118,867</u>			<u>118,867</u>
Total mutual funds	<u>3,133,881</u>	<u>-</u>	<u>-</u>	<u>3,133,881</u>
Equities				
Large blend	364,684			364,684
International stock	<u>122,274</u>			<u>122,274</u>
Total equities	<u>486,958</u>	<u>-</u>	<u>-</u>	<u>486,958</u>
Total	<u>\$3,620,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,620,839</u>

continued



## GLAAD, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 9. Fair Value Measurements, continued

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, 2017 on a non-recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated goods/materials	\$ -	\$ 664,000	\$ -	\$ 664,000
Donated professional services		<u>673,063</u>		<u>673,063</u>
Total	<u>\$ -</u>	<u>\$1,337,063</u>	<u>\$ -</u>	<u>\$1,337,063</u>

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

#### 10. Temporarily Restricted Net Assets

Temporarily restricted net assets at September 30, 2017, are restricted for the following purposes:

Time-restricted	\$1,500,000
GLAAD Media Institute	<u>150,000</u>
	<u>\$1,650,000</u>

During the year ended September 30, 2017, GLAAD released \$1,003,860 of temporarily restricted net assets, of which \$259,860 was released from program restrictions, and \$744,000 from time restrictions.

#### 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, 2017 were \$41,725.

#### 12. Special Events - Direct Costs

Direct costs for the special events at September 30, 2017 are as follows:

Event costs	\$2,533,786
Personnel costs	316,026
Travel	106,072
Outside services	8,676
Other	<u>33,408</u>
Total	<u>\$2,997,968</u>