



**GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.**

**FINANCIAL STATEMENTS  
MARCH 31, 2019 AND 2018**

**GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.**

Contents  
March 31, 2019 and 2018

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## Independent Auditor's Report

To the Board of Directors of  
GLBTQ Legal Advocates & Defenders, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of GLBTQ Legal Advocates & Defenders, Inc. (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of March 31, 2019 and 2018, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditor's 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 GLBTQ Legal Advocates & Defenders, Inc. as of March 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Alexander, Brown, Fenning & Co., P.C.*

Boston, Massachusetts  
June 20, 2019

**GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.**

Statements of Financial Position  
March 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>						
Current Assets:						
Cash and cash equivalents	\$ 860,348	\$ 523,211	\$ 1,383,559	\$ 761,672	\$ -	\$ 761,672
Restricted cash - fiscal agent	-	-	-	17,376	-	17,376
Accounts receivable	6,174	-	6,174	88,066	-	88,066
Current portion of pledges receivable, net of allowance	-	339,641	339,641	-	254,250	254,250
Short-term investments	523,682	236,318	760,000	872,000	-	872,000
Prepaid expenses and deposits	103,893	-	103,893	38,958	-	38,958
Total current assets	1,494,097	1,099,170	2,593,267	1,778,072	254,250	2,032,322
Investments	1,589,192	207,192	1,796,384	803,805	825,675	1,629,480
Pledges Receivable, net of current portion, discount and allowance	-	48,785	48,785	-	114,067	114,067
Property and Equipment, net	173,383	-	173,383	215,122	-	215,122
Total assets	<u>\$ 3,256,672</u>	<u>\$ 1,355,147</u>	<u>\$ 4,611,819</u>	<u>\$ 2,796,999</u>	<u>\$ 1,193,992</u>	<u>\$ 3,990,991</u>
<b>Liabilities and Net Assets</b>						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 316,730	\$ -	\$ 316,730	\$ 353,794	\$ -	\$ 353,794
Current portion of deferred rent	6,739	-	6,739	-	-	-
Fiscal agent payable	-	-	-	17,376	-	17,376
Total current liabilities	323,469	-	323,469	371,170	-	371,170
Deferred Rent, net of current portion	148,857	-	148,857	-	-	-
Total liabilities	472,326	-	472,326	371,170	-	371,170
Net Assets:						
Without donor restrictions:						
Operating	1,210,963	-	1,210,963	950,707	-	950,707
Board designated	1,400,000	-	1,400,000	1,260,000	-	1,260,000
Property and equipment	173,383	-	173,383	215,122	-	215,122
Total without donor restrictions	2,784,346	-	2,784,346	2,425,829	-	2,425,829
With donor restrictions	-	1,355,147	1,355,147	-	1,193,992	1,193,992
Total net assets	2,784,346	1,355,147	4,139,493	2,425,829	1,193,992	3,619,821
Total liabilities and net assets	<u>\$ 3,256,672</u>	<u>\$ 1,355,147</u>	<u>\$ 4,611,819</u>	<u>\$ 2,796,999</u>	<u>\$ 1,193,992</u>	<u>\$ 3,990,991</u>

The accompanying notes are an integral part of these statements.

**GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.**

Statement of Activities and Changes in Net Assets  
 For the Year Ended March 31, 2019  
 (With Summarized Comparative Totals for the Year Ended March 31, 2018)

	2019				2018	
	Without Donor Restrictions			With Donor Restrictions	Total	Total
	Operating	Board Designated	Total			
<b>Support and Other Operating Revenues:</b>						
Support:						
Special events:						
Event contributions and support	\$ 1,158,585	\$ -	\$ 1,158,585	\$ -	\$ 1,158,585	\$ 1,124,161
Less - direct expenses	(189,250)	-	(189,250)	-	(189,250)	(186,746)
Net special events	969,335	-	969,335	-	969,335	937,415
Donated services	6,262,309	-	6,262,309	-	6,262,309	7,457,112
Individual contributions	1,880,783	-	1,880,783	547,950	2,428,733	2,227,053
Grants	50,000	-	50,000	850,150	900,150	928,000
Release of net assets with donor restrictions:						
Satisfaction of purpose restrictions	831,002	-	831,002	(831,002)	-	-
Satisfaction of time restrictions	405,943	-	405,943	(405,943)	-	-
Total support	10,399,372	-	10,399,372	161,155	10,560,527	11,549,580
Other operating revenues:						
Contract service revenue	68,007	-	68,007	-	68,007	68,007
Interest and dividend income - operating	37,552	-	37,552	-	37,552	9,062
Attorney fees and other income	2,732	-	2,732	-	2,732	514,069
Total other operating revenues	108,291	-	108,291	-	108,291	591,138
Total support and other operating revenues	10,507,663	-	10,507,663	161,155	10,668,818	12,140,718
<b>Operating Expenses:</b>						
Program services:						
Civil Rights Project	1,111,337	34,094	1,145,431	-	1,145,431	1,958,008
Public Affairs and Education	694,289	18,901	713,190	-	713,190	632,926
Transgender Rights Project	7,102,349	20,996	7,123,345	-	7,123,345	7,198,061
AIDS Law Project	322,089	9,301	331,390	-	331,390	356,712
Total program services	9,230,064	83,292	9,313,356	-	9,313,356	10,145,707
Support services:						
Fundraising	446,501	13,597	460,098	-	460,098	415,908
General and administrative	391,346	4,004	395,350	-	395,350	340,940
Total support services	837,847	17,601	855,448	-	855,448	756,848
Total operating expenses	10,067,911	100,893	10,168,804	-	10,168,804	10,902,555
Changes in net assets from operations	439,752	(100,893)	338,859	161,155	500,014	1,238,163
<b>Other Revenues:</b>						
Investment return, net	282	19,376	19,658	-	19,658	24,762
Donated equipment	-	-	-	-	-	50,525
Total other revenues	282	19,376	19,658	-	19,658	75,287
Changes in net assets	440,034	(81,517)	358,517	161,155	519,672	1,313,450
<b>Net Assets:</b>						
Beginning of year	1,165,829	1,260,000	2,425,829	1,193,992	3,619,821	2,306,371
Transfers	(221,517)	221,517	-	-	-	-
End of year	\$ 1,384,346	\$ 1,400,000	\$ 2,784,346	\$ 1,355,147	\$ 4,139,493	\$ 3,619,821

**GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.**

 Statement of Activities and Changes in Net Assets  
 For the Year Ended March 31, 2018

	Without Donor Restrictions			With Donor Restrictions	Total
	Operating	Board Designated	Total		
<b>Support and Other Operating Revenues:</b>					
Support:					
Special events:					
Event contributions and support	\$ 1,124,161	\$ -	\$ 1,124,161	\$ -	\$ 1,124,161
Less - direct expenses	(186,746)	-	(186,746)	-	(186,746)
Net special events	937,415	-	937,415	-	937,415
Donated services	7,457,112	-	7,457,112	-	7,457,112
Individual contributions	1,582,603	-	1,582,603	644,450	2,227,053
Grants	278,000	-	278,000	650,000	928,000
Release of net assets with donor restrictions:					
Satisfaction of purpose restrictions	268,481	-	268,481	(268,481)	-
Satisfaction of time restrictions	244,833	-	244,833	(244,833)	-
Total support	10,768,444	-	10,768,444	781,136	11,549,580
Other operating revenues:					
Contract service revenue	68,007	-	68,007	-	68,007
Interest and dividend income - operating	9,062	-	9,062	-	9,062
Attorney fees and other income	514,069	-	514,069	-	514,069
Total other operating revenues	591,138	-	591,138	-	591,138
Total support and other operating revenues	11,359,582	-	11,359,582	781,136	12,140,718
<b>Operating Expenses:</b>					
Program services:					
Civil Rights Project	1,942,760	15,248	1,958,008	-	1,958,008
Public Affairs and Education	624,372	8,554	632,926	-	632,926
Transgender Rights Project	7,188,672	9,389	7,198,061	-	7,198,061
AIDS Law Project	352,553	4,159	356,712	-	356,712
Total program services	10,108,357	37,350	10,145,707	-	10,145,707
Support services:					
Fundraising	407,719	8,189	415,908	-	415,908
General and administrative	340,940	-	340,940	-	340,940
Total support services	748,659	8,189	756,848	-	756,848
Total operating expenses	10,857,016	45,539	10,902,555	-	10,902,555
Changes in net assets from operations	502,566	(45,539)	457,027	781,136	1,238,163
<b>Other Revenues (Expenses):</b>					
Investment return, net	(1,123)	25,885	24,762	-	24,762
Donated equipment	50,525	-	50,525	-	50,525
Total other revenues (expenses)	49,402	25,885	75,287	-	75,287
Changes in net assets	551,968	(19,654)	532,314	781,136	1,313,450
<b>Net Assets:</b>					
Beginning of year	944,394	949,121	1,893,515	412,856	2,306,371
Transfers	(330,533)	330,533	-	-	-
End of year	\$ 1,165,829	\$ 1,260,000	\$ 2,425,829	\$ 1,193,992	\$ 3,619,821

**GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.**Statements of Cash Flows  
For the Years Ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 519,672	\$ 1,313,450
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	55,486	40,625
Change in allowance on pledges receivable	1,356	21,000
Change in discount on pledges receivable	(2,429)	10,050
Donated equipment	-	(50,525)
Net realized and unrealized (gains) losses on investments	5,214	(8,700)
Changes in operating assets and liabilities:		
Accounts receivable	81,892	(32,020)
Pledges receivable	(19,036)	39,500
Prepaid expenses and deposits	(64,935)	31,480
Accounts payable and accrued expenses	13,942	10,377
Deferred rent	155,596	(46,007)
Net cash provided by operating activities	<u>746,758</u>	<u>1,329,230</u>
<b>Cash Flows from Investing Activities:</b>		
Purchases of investments	(1,144,836)	(1,318,959)
Proceeds from sales of investments	1,084,718	159,820
Acquisition of property and equipment	(64,753)	(68,425)
Net cash used in investing activities	<u>(124,871)</u>	<u>(1,227,564)</u>
<b>Net Change in Cash and Cash Equivalents</b>	621,887	101,666
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>761,672</u>	<u>660,006</u>
End of year	<u>\$ 1,383,559</u>	<u>\$ 761,672</u>
<b>Supplemental Disclosure of Non-Cash Transactions:</b>		
Unrealized gain on investments	<u>\$ 5,930</u>	<u>\$ 8,462</u>
Property and equipment additions included in accounts payable and accrued expenses	<u>\$ -</u>	<u>\$ 51,006</u>

**GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.**

Statement of Functional Expenses  
 For the Year Ended March 31, 2019  
 (With Summarized Comparative Totals for the Year Ended March 31, 2018)

	2019								2018	
	Program Services				Support Services				Total	Total
	Civil Rights Project	Public Affairs and Education	Transgender Rights Project	AIDS Law Project	Total Program Services	Fundraising	General and Administrative	Total Support Services		
<b>Personnel and Related:</b>										
Salaries	\$ 647,180	\$ 358,789	\$ 398,548	\$ 176,549	\$ 1,581,066	\$ 258,109	\$ 239,296	\$ 497,405	\$ 2,078,471	\$ 1,886,274
Fringe benefits	72,453	40,167	44,618	19,765	177,003	28,896	26,790	55,686	232,689	213,870
Payroll taxes	51,101	28,330	31,469	13,940	124,840	20,380	18,895	39,275	164,115	148,204
Contracted services	18,524	10,505	11,407	5,053	45,489	1,549	-	1,549	47,038	48,170
Total personnel and related	<u>789,258</u>	<u>437,791</u>	<u>486,042</u>	<u>215,307</u>	<u>1,928,398</u>	<u>308,934</u>	<u>284,981</u>	<u>593,915</u>	<u>2,522,313</u>	<u>2,296,518</u>
<b>Professional Fees and Services:</b>										
Donated legal services	15,130	-	6,246,558	621	6,262,309	-	-	-	6,262,309	7,457,112
Other professional fees	34,171	32,027	103,118	23,671	192,987	9,950	11,501	21,451	214,438	167,071
Audit and legal	5,874	3,256	3,617	1,602	14,349	2,343	28,372	30,715	45,064	36,350
Total professional fees and services	<u>55,175</u>	<u>35,283</u>	<u>6,353,293</u>	<u>25,894</u>	<u>6,469,645</u>	<u>12,293</u>	<u>39,873</u>	<u>52,166</u>	<u>6,521,811</u>	<u>7,660,533</u>
<b>Occupancy:</b>										
Rent	135,307	70,274	82,275	34,580	322,436	50,554	46,870	97,424	419,860	371,526
Depreciation	18,444	10,225	11,358	5,031	45,058	7,356	3,072	10,428	55,486	40,625
Computer supplies, software and other	11,383	6,311	7,010	3,105	27,809	4,540	4,209	8,749	36,558	26,414
Repairs and maintenance	4,202	2,330	2,588	1,146	10,266	1,676	1,554	3,230	13,496	8,559
Equipment leases	3,366	1,866	2,073	918	8,223	1,343	1,245	2,588	10,811	10,551
Utilities	3,003	1,665	1,849	819	7,336	1,197	1,110	2,307	9,643	12,506
Total occupancy	<u>175,705</u>	<u>92,671</u>	<u>107,153</u>	<u>45,599</u>	<u>421,128</u>	<u>66,666</u>	<u>58,060</u>	<u>124,726</u>	<u>545,854</u>	<u>470,181</u>
<b>Other:</b>										
Special events	18,925	66,238	18,925	18,925	123,013	66,237	-	66,237	189,250	186,746
Grants, donations and sponsorships	-	50,677	62,025	-	112,702	-	-	-	112,702	58,435
Functions and meetings	23,203	23,957	15,736	9,068	71,964	22,069	2,332	24,401	96,365	27,613
Travel and conferences	12,549	16,112	15,097	7,778	51,536	7,750	782	8,532	60,068	57,283
Bank charges and merchant fees	18,615	10,320	11,464	5,078	45,477	7,424	-	7,424	52,901	61,860
Printing and publications	9,607	15,224	7,135	5,046	37,012	14,277	1,111	15,388	52,400	59,590
Data management and communications	15,069	8,388	9,280	4,111	36,848	5,178	443	5,621	42,469	69,930
Filing fees and litigation costs	2,495	297	28,983	963	32,738	214	198	412	33,150	19,918
Telephone and internet	8,031	4,452	4,946	2,191	19,620	3,203	2,969	6,172	25,792	32,529
Advertising and marketing	8,099	4,490	4,987	2,209	19,785	3,230	249	3,479	23,264	15,717
Postage	3,722	7,067	2,653	1,698	15,140	4,096	750	4,846	19,986	21,673
Insurance	7,155	1,581	4,406	1,952	15,094	2,022	1,055	3,077	18,171	14,801
Dues, subscriptions and reference	9,117	651	5,615	2,487	17,870	132	122	254	18,124	17,433
Office supplies and small equipment	3,449	1,912	2,124	941	8,426	1,376	1,275	2,651	11,077	9,275
Staff and volunteer development	3,433	1,917	2,115	937	8,402	1,048	972	2,020	10,422	8,623
Miscellaneous	749	400	291	131	1,571	186	178	364	1,935	643
Total other	<u>144,218</u>	<u>213,683</u>	<u>195,782</u>	<u>63,515</u>	<u>617,198</u>	<u>138,442</u>	<u>12,436</u>	<u>150,878</u>	<u>768,076</u>	<u>662,069</u>
Total expenses	<u>1,164,356</u>	<u>779,428</u>	<u>7,142,270</u>	<u>350,315</u>	<u>9,436,369</u>	<u>526,335</u>	<u>395,350</u>	<u>921,685</u>	<u>10,358,054</u>	<u>11,089,301</u>
Less - fundraising event expenses included with revenues on the statement of activities and changes in net assets	<u>(18,925)</u>	<u>(66,238)</u>	<u>(18,925)</u>	<u>(18,925)</u>	<u>(123,013)</u>	<u>(66,237)</u>	<u>-</u>	<u>(66,237)</u>	<u>(189,250)</u>	<u>(186,746)</u>
Total expenses included in the statement of activities and changes in net assets	<u>\$ 1,145,431</u>	<u>\$ 713,190</u>	<u>\$ 7,123,345</u>	<u>\$ 331,390</u>	<u>\$ 9,313,356</u>	<u>\$ 460,098</u>	<u>\$ 395,350</u>	<u>\$ 855,448</u>	<u>\$ 10,168,804</u>	<u>\$ 10,902,555</u>

The accompanying notes are an integral part of these statements.



GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

Statement of Functional Expenses  
For the Year Ended March 31, 2018

	Program Services				Total Program Services	Support Services			Total
	Civil Rights Project	Public Affairs and Education	Transgender Rights Project	AIDS Law Project		Fundraising	General and Adminis- trative	Total Support Services	
<b>Personnel and Related:</b>									
Salaries	\$ 591,961	\$ 332,129	\$ 364,543	\$ 161,485	\$ 1,450,118	\$ 230,583	\$ 205,573	\$ 436,156	\$ 1,886,274
Fringe benefits	67,118	37,657	41,333	18,310	164,418	26,144	23,308	49,452	213,870
Payroll taxes	46,510	26,095	28,642	12,688	113,935	18,117	16,152	34,269	148,204
Contracted services	18,961	10,883	11,676	5,172	46,692	1,478	-	1,478	48,170
Total personnel and related	<u>724,550</u>	<u>406,764</u>	<u>446,194</u>	<u>197,655</u>	<u>1,775,163</u>	<u>276,322</u>	<u>245,033</u>	<u>521,355</u>	<u>2,296,518</u>
<b>Professional Fees and Services:</b>									
Donated legal services	918,490	-	6,477,658	60,964	7,457,112	-	-	-	7,457,112
Other professional fees	42,727	23,249	64,233	10,292	140,501	16,370	10,200	26,570	167,071
Audit and legal	3,138	1,761	1,933	856	7,688	1,222	27,440	28,662	36,350
Total professional fees and services	<u>964,355</u>	<u>25,010</u>	<u>6,543,824</u>	<u>72,112</u>	<u>7,605,301</u>	<u>17,592</u>	<u>37,640</u>	<u>55,232</u>	<u>7,660,533</u>
<b>Occupancy:</b>									
Rent	115,305	64,694	75,115	31,455	286,569	44,914	40,043	84,957	371,526
Depreciation	13,676	7,673	8,422	3,731	33,502	5,327	1,796	7,123	40,625
Computer supplies, software and other	8,289	4,651	5,105	2,261	20,306	3,229	2,879	6,108	26,414
Repairs and maintenance	2,686	1,507	1,654	733	6,580	1,046	933	1,979	8,559
Equipment leases	3,311	1,858	2,039	903	8,111	1,290	1,150	2,440	10,551
Utilities	3,924	2,202	2,417	1,071	9,614	1,529	1,363	2,892	12,506
Total occupancy	<u>147,191</u>	<u>82,585</u>	<u>94,752</u>	<u>40,154</u>	<u>364,682</u>	<u>57,335</u>	<u>48,164</u>	<u>105,499</u>	<u>470,181</u>
<b>Other:</b>									
Special events	18,675	65,360	18,675	18,675	121,385	65,361	-	65,361	186,746
Grants, donations and sponsorships	-	33,435	25,000	-	58,435	-	-	-	58,435
Functions and meetings	4,589	8,004	3,536	2,595	18,724	7,937	952	8,889	27,613
Travel and conferences	14,871	10,969	13,882	9,157	48,879	7,601	803	8,404	57,283
Bank charges and merchant fees	21,788	12,224	13,417	5,944	53,373	8,487	-	8,487	61,860
Printing and publications	12,531	16,946	8,305	5,697	43,479	15,642	469	16,111	59,590
Data management and communications	24,522	13,759	15,360	6,690	60,331	9,583	16	9,599	69,930
Filing fees and litigation costs	3,475	1,272	8,618	4,882	18,247	883	788	1,671	19,918
Telephone and internet	10,208	5,728	6,287	2,785	25,008	3,976	3,545	7,521	32,529
Advertising and marketing	5,364	3,010	3,303	1,463	13,140	2,090	487	2,577	15,717
Postage	3,644	8,288	2,701	1,859	16,492	4,702	479	5,181	21,673
Insurance	5,833	1,258	3,592	1,591	12,274	1,748	779	2,527	14,801
Dues, subscriptions and reference	8,969	221	5,523	2,459	17,172	138	123	261	17,433
Office supplies and small equipment	2,911	1,633	1,792	794	7,130	1,134	1,011	2,145	9,275
Staff and volunteer development	3,003	1,706	1,849	819	7,377	659	587	1,246	8,623
Miscellaneous	204	114	126	56	500	79	64	143	643
Total other	<u>140,587</u>	<u>183,927</u>	<u>131,966</u>	<u>65,466</u>	<u>521,946</u>	<u>130,020</u>	<u>10,103</u>	<u>140,123</u>	<u>662,069</u>
Total expenses	1,976,683	698,286	7,216,736	375,387	10,267,092	481,269	340,940	822,209	11,089,301
Less - fundraising event expenses included with revenues on the statement of activities and changes in net assets	<u>(18,675)</u>	<u>(65,360)</u>	<u>(18,675)</u>	<u>(18,675)</u>	<u>(121,385)</u>	<u>(65,361)</u>	<u>-</u>	<u>(65,361)</u>	<u>(186,746)</u>
Total expenses included in the statement of activities and changes in net assets	<u>\$ 1,958,008</u>	<u>\$ 632,926</u>	<u>\$ 7,198,061</u>	<u>\$ 356,712</u>	<u>\$ 10,145,707</u>	<u>\$ 415,908</u>	<u>\$ 340,940</u>	<u>\$ 756,848</u>	<u>\$ 10,902,555</u>

The accompanying notes are an integral part of these statements.

## GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

Notes to Financial Statements  
March 31, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

#### OPERATIONS

Through strategic litigation, public policy advocacy and education, GLBTQ Legal Advocates & Defenders, Inc. (GLAD) works in New England and nationally to create a just society free of discrimination based on gender identity and expression, HIV status, and sexual orientation.

GLAD advances a broad range of legal rights for lesbian, gay, bisexual, transgender, and queer (LGBTQ) adults and youth, and for people living with HIV. GLAD works to ensure these advances reach all members of our community by applying an intersectional racial and economic justice lens to that work. We advocate for transgender rights, including transition related care; access to family formation and protection; HIV status privacy and decriminalization; access to healthcare, including prevention and treatment of HIV and side effects of HIV medications; inclusive sexual and reproductive health education and care; employment protections; protections for both youth and older adults; and access to justice for the most vulnerable in our community, including communities of color, low-income communities, and incarcerated adults and youth. We focus on impact litigation – using strategically chosen cases to establish or expand LGBTQ civil rights and foster systemic change. GLAD is also active in legislative and policy work, particularly within New England – applying its legal expertise to educate legislators, draft bills, and provide expert testimony and legal research. Finally, GLAD works to change hearts and minds regarding the shared humanity and dignity of LGBTQ people and those living with HIV, engage the public to educate our communities about their legal rights, and provide resources and referrals to assist individuals and communities in advocating for themselves.

GLAD has four major programs: The Civil Rights Project (CRP), the Transgender Rights Project (TRP), the AIDS Law Project (ALP), and Public Affairs and Education.

The ***Civil Rights Project*** focuses on ending discrimination based on sexual orientation. After successfully winning marriage equality in all New England states and nationally, the CRP now works to defend marriage from attempts to chip away at it. The CRP also works to ensure that LGBTQ families receive the respect and recognition all families receive, with an emphasis on parentage recognition, including for non-marital families. Through its Youth Initiative, GLAD works on issues such as the rights of out-of-home youth, especially youth in juvenile detention and state care, bullying and harassment of LGBTQ youth in and out of the school setting, and other policy issues affecting young people. The CRP also addresses issues facing LGBTQ older adults, as well as working on employment, public accommodations, and other discrimination issues, especially as they intersect with religion.

The ***Transgender Rights Project*** focuses on fighting discrimination based on gender identity and expression, including: (1) leading ongoing litigation to overturn the Federal administration's policy banning transgender people from serving in the military; (2) securing a groundbreaking transfer to a women's facility for a transgender woman incorrectly housed in a Massachusetts men's prison; (3) advocating for access to health care and more fair treatment for transgender people while incarcerated; (4) ending the denial of critical health care to transgender people in private, public, and state insurance policies, as well as for youth in state custody; (5) ensuring transgender people can obtain documents consistent with their gender; (6) successfully securing transgender-inclusive, state-wide, and comprehensive anti-discrimination legislation in all six New England states and advocating for similar Federal protections; (7) robustly enforcing and defending existing anti-discrimination protections for transgender people in employment, housing, and public spaces; and (8) supporting the efforts of parents of transgender children to act in their children's best interests.

## GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

Notes to Financial Statements  
March 31, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### OPERATIONS (Continued)

The **AIDS Law Project** focuses on ending discrimination based on HIV status, particularly in areas of privacy and confidentiality, discrimination and criminalization, and insurance coverage. The ALP litigated the first discrimination case in the country against an insurance company's denial of long-term care insurance to a gay man because of his use of pre-exposure prophylaxis medication (PrEP). The case resulted in a settlement in which the insurer both provided the policy to our client and ended its practice of denying insurance based on use of PrEP. The ALP is continuing to work to end similar discriminatory practices by other insurers and to expand access to PrEP for minors.

Finally, GLAD's **Public Affairs and Education Department** builds public awareness and support for the LGBTQ community. Focused on enlarging circles of support for LGBTQ rights and the rights of people living with HIV, the department finds and tells the stories of LGBTQ people; builds organized communities of allies to prepare the ground for, and sustain, courtroom and policy victories; and works closely with state partner organizations, providing strategy and communication consultation and support. It also focuses on sustained relationship building and engagement and disseminates critical legal information to empower people to exercise their legal rights, particularly through GLAD Answers, our legal information and referral service. The department educates the community, elevates stories, and engages the public through traditional media, print publications, video, digital channels including social media and a mobile-optimized website, public education events and workshops, participation in coalitions and sustained partnerships, and one-on-one conversations.

#### NONPROFIT STATUS

GLAD is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). GLAD is also exempt from state income taxes. Donors may deduct contributions made to GLAD within the IRC regulations.

#### SIGNIFICANT ACCOUNTING POLICIES

GLAD prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

During fiscal year 2019, GLAD adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU modified the current guidance over several criteria, of which the following affected GLAD's financial statements:

- Qualitative and quantitative information relating to management of liquidity and the availability of financial assets to cover short-term cash needs within one year from the statement of financial position date (see Note 13).
- An explanation of the methods used to allocate costs among program and supporting (general and administrative and fundraising) functions (see page 10).

The adoption of this ASU did not impact GLAD's net assets, change in net assets, or cash flows for the year ended March 31, 2019. This ASU has been applied retrospectively to all periods presented. This ASU provides an option to omit the disclosures about liquidity and availability of resources in the 2018 financial statements.

## **GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.**

Notes to Financial Statements  
March 31, 2019 and 2018

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### **1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **Estimates**

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### **Revenue Recognition**

Grants and contributions without donor restrictions are recorded when unconditionally pledged or received. GLAD reports gifts of cash and other assets as grants and contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as release of net assets with donor restrictions.

Interest income is recorded when earned. Dividend income is recorded on the ex-dividend date. Realized gains and losses are recorded using the average cost method. Unrealized gains and losses are recognized based on market value changes during the period (see Note 4).

Bequests are recorded upon receipt of final notification of the bequest after the estate has gone through the probate process. Revenue from special events is recognized in the period in which the event occurs. Contract service revenue is recorded over the contract period as services are provided. All other revenue is recognized when earned.

##### **Expense Allocations**

Expenses related directly to a function are distributed to that function, while other expenses are allocated based upon management's estimate of the percentage attributable to each function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, fringe benefits, payroll taxes, occupancy, telephone and internet, office supplies and small equipment, and depreciation, which are allocated based on an estimate of time and effort spent on GLAD's program and support functions.

##### **Grants, Donations and Sponsorships**

Grants, donations and sponsorships are recorded when approved.

##### **Advertising Costs**

GLAD expenses advertising costs as they are incurred. Advertising costs were \$2,163 and \$3,705 for fiscal years 2019 and 2018, respectively, and are included in advertising and marketing in the accompanying statements of functional expenses.

## GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

Notes to Financial Statements  
March 31, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Allowance for Doubtful Accounts and Pledges Receivable

The allowance for doubtful accounts and pledges receivable is recorded based on management's analysis of specific accounts and their estimate of amounts that may be uncollectible, if any (see Note 2).

##### Donated Stock

Donated stock is recorded at fair value on the date of the gift. During fiscal years 2019 and 2018, GLAD received stock donations valued at \$80,947 and \$134,901, respectively, which are included in individual contributions in the accompanying statements of activities and changes in net assets. These stock donations were immediately sold upon receipt, and the proceeds were invested in money market accounts.

##### Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as incurred. Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

Office and computer equipment	3 - 10 years
Leasehold improvements	Life of the lease

##### Fair Value Measurements

GLAD follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that GLAD would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

GLAD uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of GLAD. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

## GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

Notes to Financial Statements  
March 31, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Fair Value Measurements (Continued)

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

##### **Investments**

Investments are recorded in the financial statements at fair value. If an investment is directly held by GLAD and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. Certain certificates of deposit included in GLAD's portfolio are valued using standard inputs including benchmark yields, broker/dealer quotes, issuer spreads, and reference data including market research publications.

A summary of inputs used in valuing GLAD's investments as of March 31, 2019 and 2018, is included in Note 4.

##### **Cash and Cash Equivalents**

For the purpose of the statements of cash flows, cash and cash equivalents consist of checking and money market accounts. Cash and cash equivalents are considered Level 1 in the fair value hierarchy.

##### **All Other Assets and Liabilities**

The carrying value of all other qualifying assets and liabilities does not differ materially from its estimated fair value. These qualifying assets and liabilities are considered Level 1 in the fair value hierarchy.

##### **Income Taxes**

GLAD accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. GLAD has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at March 31, 2019 and 2018. GLAD's information returns are subject to examination by Federal and state jurisdictions.

## GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

Notes to Financial Statements  
March 31, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as support and other operating revenues and operating expenses in the accompanying statements of activities and changes in net assets. Non-operating activity is reported as other revenues (expenses) and includes capital and investment activity.

##### Lobbying

GLAD engages in lobbying activities to the extent permitted by the IRC. GLAD has elected to be covered by the rules of IRC Section 501(h) with regard to the limitation of the amount of GLAD's allowable lobbying expenditures, generally equal to 20% of GLAD's exempt purpose expenditures.

GLAD's lobbying expenditures are included in personnel and related, grants, donations and sponsorships, other professional fees, travel and conferences, and miscellaneous in the accompanying statements of functional expenses and consisted of the following for the years ended March 31:

	<u>2019</u>	<u>2018</u>
Grants	\$ 40,000	\$ 25,000
Salaries	19,744	14,317
Other expenses	13,227	9,744
Fringe benefits and payroll taxes	7,898	5,727
Professional fees	<u>5,000</u>	<u>20,000</u>
	<u>\$ 85,869</u>	<u>\$ 74,788</u>

##### Subsequent Events

Subsequent events have been evaluated through June 20, 2019, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

### 2. PLEDGES RECEIVABLE

Pledges are recorded when unconditionally committed. Pledges receivable at March 31, 2019 and 2018, consist of contributions committed to programs and general operating support over specific time periods. Pledges receivable are due as follows as of March 31:

	<u>2019</u>	<u>2018</u>
Due within one year	\$ 339,641	\$ 254,250
Due within four years	<u>89,895</u>	<u>156,250</u>
	429,536	410,500
Less - long-term portion allowance	31,356	30,000
Less - discount	9,754	12,183
Less - current portion	<u>339,641</u>	<u>254,250</u>
Long-term pledges receivable, net	<u>\$ 48,785</u>	<u>\$ 114,067</u>

## GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

Notes to Financial Statements  
March 31, 2019 and 2018

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### 2. PLEDGES RECEIVABLE (Continued)

The pledges have been discounted using a 1.0% and 1.2% interest rate as of March 31, 2019 and 2018, respectively. Four and three donors' balances represent approximately 76% and 73% of the total outstanding pledges receivable balance at March 31, 2019 and 2018, respectively.

### 3. NET ASSETS

#### Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by GLAD. GLAD has grouped its net assets without donor restrictions into the following categories:

**Operating net assets** represent funds available to carry on the operations of GLAD. These funds bear no external restrictions.

**Board designated net assets** represent funds set aside by the Board of Directors to be used as a reserve for future operations. It is the intent of the Board to maintain this fund for long-term growth. During fiscal year 2019, the Board authorized \$107,793, of which \$6,900 was capitalized, to be spent on approved initiatives. During fiscal year 2018, the Board authorized \$253,000, of which \$21,398 was spent on approved initiatives and \$30,479 on capital projects including a new donor constituent database and redesign of GLAD's website. Additionally, during the years ended March 31, 2019 and 2018, management transferred \$221,517 and \$330,533, respectively, from operating net assets to Board designated net assets for future initiatives.

**Property and equipment net assets** reflect and account for the activities relating to GLAD's property and equipment.

#### Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following as of March 31:

	<u>2019</u>	<u>2018</u>
Purpose restrictions	\$ 938,755	\$ 911,807
Time restrictions	<u>416,392</u>	<u>282,185</u>
Total net assets with donor restrictions	<u>\$ 1,355,147</u>	<u>\$ 1,193,992</u>

During fiscal year 2018, GLAD launched the One Justice Fund, a \$1,700,000 campaign to grow GLAD's legal resources to respond to increased attacks on LGBTQ rights from the Federal administration and an emboldened conservative religious opposition. The funds, raised mostly between June 2017 and June 2018, will allow GLAD to add to its legal team, support the GLAD Answers legal information and referral service, and build its fundraising capacity so that it can sustain this growth going forward. The remaining funds will likely be spent during fiscal years 2020 and 2021. During 2019, GLAD spent \$269,290 of this fund and the release from purpose restrictions was made accordingly.



**GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.**Notes to Financial Statements  
March 31, 2019 and 2018**4. INVESTMENTS**

Investments are reported in the accompanying statements of financial position as short-term and long-term based on GLAD's intent with respect to the use of the investments. GLAD values all investments using Level 1 inputs under the *Fair Value Measurements and Disclosures* standards (see Note 1). Investments are not insured and are subject to ongoing market fluctuations.

GLAD's investments are carried at fair value and consist of the following at March 31:

	<b>2019</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 986,969	\$ -	\$ -	\$ 986,969
Certificates of deposit	175,175	750,278	-	925,453
Cash and cash equivalents	300,431	-	-	300,431
Domestic equities	226,874	-	-	226,874
International equity	89,862	-	-	89,862
Other	<u>26,795</u>	<u>-</u>	<u>-</u>	<u>26,795</u>
Total investments	<u>\$ 1,806,106</u>	<u>\$ 750,278</u>	<u>\$ -</u>	<u>\$ 2,556,384</u>

  

	<b>2018</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 1,274,025	\$ -	\$ -	\$ 1,274,025
Certificates of deposit	175,740	999,352	-	1,175,092
Cash and cash equivalents	1,194	-	-	1,194
Domestic equities	37,699	-	-	37,699
International equity	7,784	-	-	7,784
Other	<u>5,686</u>	<u>-</u>	<u>-</u>	<u>5,686</u>
Total investments	<u>\$ 1,502,128</u>	<u>\$ 999,352</u>	<u>\$ -</u>	<u>\$ 2,501,480</u>

The following schedule summarizes the investment return for the years ended March 31:

	<u>2019</u>	<u>2018</u>
Investment income	\$ 27,433	\$ 18,162
Net unrealized gains	5,930	8,462
Investment management fee	(2,561)	(2,100)
Net realized gains (losses)	<u>(11,144)</u>	<u>238</u>
	<u>\$ 19,658</u>	<u>\$ 24,762</u>

**5. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of March 31:

	<u>2019</u>	<u>2018</u>
Office and computer equipment	\$ 277,532	\$ 403,117
Leasehold improvements	34,283	71,655
	311,815	474,772
Less - accumulated depreciation	<u>138,432</u>	<u>259,650</u>
	<u>\$ 173,383</u>	<u>\$ 215,122</u>

## GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

Notes to Financial Statements  
March 31, 2019 and 2018

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### 6. OPERATING LEASE AGREEMENTS

GLAD leased office space in Boston, Massachusetts under a lease agreement that expired on March 31, 2018. The monthly rental payments under this lease were \$29,640 and escalated annually. Under a subtenant agreement which expired on March 31, 2018, GLAD received rental income of \$38,433 for fiscal year 2018. GLAD was required to hold a certificate of deposit of \$42,443 as collateral for a letter of credit representing the security deposit on this lease. Upon expiration of this lease, the letter of credit expired and the collateral was released.

Effective April 1, 2018, GLAD entered into a new lease agreement that expires on July 31, 2028. Monthly cash payments range from \$30,295 and \$36,222 through the lease period. GLAD recognized rent expense on a straight-line basis over the term of the lease in accordance with the *Accounting for Leases* standard under U.S. GAAP. Deferred rent as of March 31, 2019, was \$155,596. GLAD is required to hold a certificate of deposit of \$133,297 as collateral for a letter of credit representing the security deposit on this lease. GLAD is also responsible for its proportionate share of operating costs and real estate taxes incurred by the landlord each year for each of these lease agreements.

During fiscal year 2018, GLAD rented office space in Easthampton, Massachusetts under a tenant-at-will agreement with monthly rental payments of approximately \$350. During fiscal year 2019, GLAD entered into a new lease agreement for this space that commences on June 1, 2019 and expires on May 30, 2020. The monthly rental payment under this lease is \$370.

During fiscal year 2019, GLAD entered into a lease agreement for office space in Portland, Maine that expires on July 31, 2019. The monthly rental payment under this lease is \$1,000.

Future minimum lease payments under these agreements are as follows:

<u>Fiscal Year</u>	
2020	\$ 378,506
2021	382,541
2022	394,163
2023	396,390
2024	400,635
Thereafter	<u>1,825,593</u>
Total	<u>\$ 3,777,828</u>

Total rent expense was \$419,860 and \$371,526 for fiscal years 2019 and 2018, respectively. Included in rent expense was approximately \$5,800 and \$8,000 of rental charges for additional storage space during fiscal years 2019 and 2018, respectively.

GLAD also leases certain equipment under three operating lease agreements expiring on various dates through January 2020. Lease expense under these agreements was \$10,811 and \$10,552 for fiscal years 2019 and 2018, respectively, and is reflected as equipment leases in the accompanying statements of functional expenses. The future minimum lease payment for fiscal year 2020 is \$11,300.

## **GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.**

Notes to Financial Statements  
March 31, 2019 and 2018

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### **7. 401(K) PLAN**

GLAD maintains a qualified salary reduction 401(k) plan (the Plan), which was amended in September 2018. The Plan includes a guaranteed non-elective employer contribution of 3% of each eligible employee's annual salary. The Plan was amended to include a Roth option and employees are now eligible to participate in the plan after attaining the age of 18 and completing three months of service, rather than six under prior Plan. During fiscal years 2019 and 2018, GLAD contributed \$58,497 and \$53,488, respectively, to the Plan, which is included in fringe benefits in the accompanying statements of functional expenses.

### **8. NOTE PAYABLE TO A BANK**

In October 2018, GLAD closed its line of credit. Previously, GLAD had a revolving line of credit agreement with a bank for a maximum amount of \$300,000. Borrowings under the agreement were due on demand and interest was payable monthly at the bank's prime lending rate (4.75% at March 31, 2018), plus 1%, with a minimum rate of 5%. The line of credit was secured by GLAD's equity mutual fund investment accounts with a combined market value of approximately \$599,000 for 2018. The agreement contained certain covenants with which GLAD was in compliance at March 31, 2018. As of March 31, 2018, there were no outstanding balances under this agreement.

### **9. RESTRICTED CASH - FISCAL AGENT**

GLAD entered into a fiscal agent agreement with ECC Building Committee, a nonexempt group organized in Maine, through November 2018. As of March 31, 2018, the cash balance in the fund was \$6,626. GLAD also received \$10,750 from donors to support the Freedom Massachusetts Education Fund (FMEF). These funds were dispersed in May 2018 to Boston Alliance for Gay and Lesbian Youth (BAGLY), which is the fiscal agent for FMEF. Funds held by GLAD as of March 31, 2018, totaled \$17,376. There were no funds held on behalf of other organizations as of March 31, 2019.

### **10. CONCENTRATION OF CREDIT RISK**

Cash and cash equivalents are maintained in one bank in Massachusetts and are insured within limits of the Federal Deposit Insurance Corporation (FDIC). At times, cash and cash equivalents may exceed the insured limits. Management monitors, on a regular basis, the financial condition of the financial institutions, along with their balances, to minimize potential risk.

### **11. CONDITIONAL GRANT**

In fiscal year 2017, GLAD was awarded a conditional grant of \$225,000 payable in three installments of \$75,000. During the fiscal years 2019 and 2018, the first and two installments of \$75,000 were received and recorded as income. The remaining payment has not been recorded as certain benchmarks must be achieved as defined in the grant agreement.

### **12. DONATED LEGAL SERVICES**

In fiscal years 2019 and 2018, GLAD received donated legal services of \$6,262,309 and \$7,457,112, respectively. These amounts were unusually high, given new challenges from the new Federal administration and a reinvigorated conservative opposition.

In fiscal year 2017, nearly \$3 million of the donated services supported the TRP, the majority of that amount represented the work of more than 150 lawyers at one law firm, which helped represent nearly 400 transgender individuals in seeking name changes and amendments to identity documents as part of GLAD's I.D. clinic, which was created in the weeks following the 2016 election.

## GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

Notes to Financial Statements  
March 31, 2019 and 2018

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### 12. DONATED LEGAL SERVICES (Continued)

In fiscal years 2019 and 2018, not only did we continue the I.D. clinic through donated legal services, but GLAD also filed new litigation challenging the Federal administration's ban on transgender service members, with the assistance of additional and significant donated legal services.

### 13. LIQUIDITY

GLAD's financial assets available within one year from the statement of financial position date for general operating expenses are as follows:

Cash and cash equivalents	\$ 1,383,559
Investments	2,556,384
Pledges receivable (current portion)	339,641
Accounts receivable	<u>6,174</u>
Total financial assets	4,285,758
Less - amounts subject to donor restrictions:	
Cash and investments subject to donor-imposed restrictions	(1,306,362)
Add - operating funds restricted for fiscal year 2020	<u>406,979</u>
	(899,383)
Less - Board designations	<u>(1,400,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,986,375</u>

GLAD is substantially supported by contributions with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, GLAD must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of GLAD's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### 14. RECLASSIFICATION

Certain amounts in the fiscal year 2018 financial statements have been reclassified to conform to the fiscal year 2019 presentation.