



GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

**FINANCIAL STATEMENTS
MARCH 31, 2020 AND 2019**

GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

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March 31, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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.

AAFCPAs, Inc.

Boston, Massachusetts
July 13, 2020

GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

Statements of Financial Position
March 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current Assets:						
Cash and cash equivalents	\$ 1,114,736	\$ 361,513	\$ 1,476,249	\$ 860,348	\$ 523,211	\$ 1,383,559
Accounts receivable	14,481	-	14,481	6,174	-	6,174
Current portion of pledges receivable, net of allowance	-	221,343	221,343	-	339,641	339,641
Short-term investments	492,382	267,618	760,000	523,682	236,318	760,000
Prepaid expenses and deposits	94,576	-	94,576	103,893	-	103,893
Total current assets	1,716,175	850,474	2,566,649	1,494,097	1,099,170	2,593,267
Investments	1,279,670	464,674	1,744,344	1,589,192	207,192	1,796,384
Pledges Receivable, net of current portion, discount and allowance	-	-	-	-	48,785	48,785
Property and Equipment, net	121,634	-	121,634	173,383	-	173,383
Total assets	<u>\$ 3,117,479</u>	<u>\$ 1,315,148</u>	<u>\$ 4,432,627</u>	<u>\$ 3,256,672</u>	<u>\$ 1,355,147</u>	<u>\$ 4,611,819</u>
Liabilities and Net Assets						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 384,720	\$ -	\$ 384,720	\$ 316,730	\$ -	\$ 316,730
Current portion of deferred rent	10,040	-	10,040	6,739	-	6,739
Total current liabilities	394,760	-	394,760	323,469	-	323,469
Deferred Rent, net of current portion	151,637	-	151,637	148,857	-	148,857
Total liabilities	546,397	-	546,397	472,326	-	472,326
Net Assets:						
Without donor restrictions:						
Operating	1,169,448	-	1,169,448	1,210,963	-	1,210,963
Board designated	1,280,000	-	1,280,000	1,400,000	-	1,400,000
Property and equipment	121,634	-	121,634	173,383	-	173,383
Total without donor restrictions	2,571,082	-	2,571,082	2,784,346	-	2,784,346
With donor restrictions	-	1,315,148	1,315,148	-	1,355,147	1,355,147
Total net assets	2,571,082	1,315,148	3,886,230	2,784,346	1,355,147	4,139,493
Total liabilities and net assets	<u>\$ 3,117,479</u>	<u>\$ 1,315,148</u>	<u>\$ 4,432,627</u>	<u>\$ 3,256,672</u>	<u>\$ 1,355,147</u>	<u>\$ 4,611,819</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, 2020
 (With Summarized Comparative Totals for the Year Ended March 31, 2019)

	2020					2019
	Without Donor Restrictions			With Donor Restrictions	Total	Total
	Operating	Board Designated	Total			
Support and Other Operating Revenues:						
Support:						
Special events:						
Event contributions and support	\$ 1,150,097	\$ -	\$ 1,150,097	\$ -	\$ 1,150,097	\$ 1,158,585
Less - direct expenses	(185,300)	-	(185,300)	-	(185,300)	(189,250)
Net special events	964,797	-	964,797	-	964,797	969,335
Donated services	6,133,692	-	6,133,692	-	6,133,692	6,262,309
Individual contributions	1,650,399	-	1,650,399	335,540	1,985,939	2,428,733
Grants	7,500	-	7,500	1,018,000	1,025,500	900,150
Release of net assets with donor restrictions:						
Satisfaction of purpose restrictions	785,332	-	785,332	(785,332)	-	-
Satisfaction of time restrictions	608,207	-	608,207	(608,207)	-	-
Total support	10,149,927	-	10,149,927	(39,999)	10,109,928	10,560,527
Other operating revenues:						
Contract service revenue	66,257	-	66,257	-	66,257	68,007
Interest and dividend income - operating	40,740	-	40,740	-	40,740	37,552
Attorney fees and other income	30,163	-	30,163	-	30,163	2,732
Total other operating revenues	137,160	-	137,160	-	137,160	108,291
Total support and other operating revenues	10,287,087	-	10,287,087	(39,999)	10,247,088	10,668,818
Operating Expenses:						
Program services:						
Civil Rights Project	1,184,097	115,162	1,299,259	-	1,299,259	1,145,431
Public Affairs and Education	651,298	17,907	669,205	-	669,205	713,190
Transgender Rights Project	7,121,244	140,503	7,261,747	-	7,261,747	7,123,345
AIDS Law Project	322,099	30,584	352,683	-	352,683	331,390
Total program services	9,278,738	304,156	9,582,894	-	9,582,894	9,313,356
Support services:						
Fundraising	468,043	9,361	477,404	-	477,404	460,098
General and administrative	382,773	4,199	386,972	-	386,972	395,350
Total support services	850,816	13,560	864,376	-	864,376	855,448
Total operating expenses	10,129,554	317,716	10,447,270	-	10,447,270	10,168,804
Changes in net assets from operations	157,533	(317,716)	(160,183)	(39,999)	(200,182)	500,014
Other Revenue (Expense):						
Investment return, net	(27,350)	(25,731)	(53,081)	-	(53,081)	19,658
Changes in net assets	130,183	(343,447)	(213,264)	(39,999)	(253,263)	519,672
Net Assets:						
Beginning of year	1,384,346	1,400,000	2,784,346	1,355,147	4,139,493	3,619,821
Transfers	(223,447)	223,447	-	-	-	-
End of year	\$ 1,291,082	\$ 1,280,000	\$ 2,571,082	\$ 1,315,148	\$ 3,886,230	\$ 4,139,493

GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

 Statement of Activities and Changes in Net Assets
 For the Year Ended March 31, 2019

	Without Donor Restrictions			With Donor Restrictions	Total
	Operating	Board Designated	Total		
Support and Other Operating Revenues:					
Support:					
Special events:					
Event contributions and support	\$ 1,158,585	\$ -	\$ 1,158,585	\$ -	\$ 1,158,585
Less - direct expenses	(189,250)	-	(189,250)	-	(189,250)
Net special events	969,335	-	969,335	-	969,335
Donated services	6,262,309	-	6,262,309	-	6,262,309
Individual contributions	1,880,783	-	1,880,783	547,950	2,428,733
Grants	50,000	-	50,000	850,150	900,150
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
Other operating revenues:					
Contract service revenue	68,007	-	68,007	-	68,007
Interest and dividend income - operating	37,552	-	37,552	-	37,552
Attorney fees and other income	2,732	-	2,732	-	2,732
Total other operating revenues	108,291	-	108,291	-	108,291
Total support and other operating revenues	10,507,663	-	10,507,663	161,155	10,668,818
Operating Expenses:					
Program services:					
Civil Rights Project	1,111,337	34,094	1,145,431	-	1,145,431
Public Affairs and Education	694,289	18,901	713,190	-	713,190
Transgender Rights Project	7,102,349	20,996	7,123,345	-	7,123,345
AIDS Law Project	322,089	9,301	331,390	-	331,390
Total program services	9,230,064	83,292	9,313,356	-	9,313,356
Support services:					
Fundraising	446,501	13,597	460,098	-	460,098
General and administrative	391,346	4,004	395,350	-	395,350
Total support services	837,847	17,601	855,448	-	855,448
Total operating expenses	10,067,911	100,893	10,168,804	-	10,168,804
Changes in net assets from operations	439,752	(100,893)	338,859	161,155	500,014
Other Revenue (Expense):					
Investment return, net	282	19,376	19,658	-	19,658
Changes in net assets	440,034	(81,517)	358,517	161,155	519,672
Net Assets:					
Beginning of year	1,165,829	1,260,000	2,425,829	1,193,992	3,619,821
Transfers	(221,517)	221,517	-	-	-
End of year	\$ 1,384,346	\$ 1,400,000	\$ 2,784,346	\$ 1,355,147	\$ 4,139,493

GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.Statements of Cash Flows
For the Years Ended March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ (253,263)	\$ 519,672
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	59,015	55,486
Change in allowance on pledges receivable	(13,508)	1,356
Change in discount on pledges receivable	(4,445)	(2,429)
Net realized and unrealized losses on investments	72,317	5,214
Changes in operating assets and liabilities:		
Accounts receivable	(8,307)	81,892
Pledges receivable	185,036	(19,036)
Prepaid expenses and deposits	9,317	(64,935)
Accounts payable and accrued expenses	67,990	13,942
Deferred rent	6,081	155,596
	<u>120,233</u>	<u>746,758</u>
Net cash provided by operating activities		
Cash Flows from Investing Activities:		
Purchases of investments	(1,153,715)	(1,144,836)
Proceeds from sales of investments	1,133,438	1,084,718
Acquisition of property and equipment	(7,266)	(64,753)
	<u>(27,543)</u>	<u>(124,871)</u>
Net cash used in investing activities		
Net Change in Cash and Cash Equivalents	92,690	621,887
Cash and Cash Equivalents:		
Beginning of year	<u>1,383,559</u>	<u>761,672</u>
End of year	<u>\$ 1,476,249</u>	<u>\$ 1,383,559</u>
Supplemental Disclosure of Non-Cash Transactions:		
Unrealized gain (loss) on investments	<u>\$ (68,708)</u>	<u>\$ 5,930</u>

GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

Statement of Functional Expenses
 For the Year Ended March 31, 2020
 (With Summarized Comparative Totals for the Year Ended March 31, 2019)

	2020								2019	
	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		
Personnel and Related:										
Salaries	\$ 748,090	\$ 375,352	\$ 483,964	\$ 198,671	\$ 1,806,077	\$ 276,908	\$ 235,678	\$ 512,586	\$ 2,318,663	\$ 2,078,471
Fringe benefits	79,876	42,844	51,674	21,213	195,607	31,607	26,901	58,508	254,115	232,689
Payroll taxes	62,350	30,752	40,337	16,559	149,998	22,687	19,309	41,996	191,994	164,115
Contracted services	8,743	5,186	5,655	2,321	21,905	308	-	308	22,213	47,038
Total personnel and related	<u>899,059</u>	<u>454,134</u>	<u>581,630</u>	<u>238,764</u>	<u>2,173,587</u>	<u>331,510</u>	<u>281,888</u>	<u>613,398</u>	<u>2,786,985</u>	<u>2,522,313</u>
Professional Fees and Services:										
Donated legal services	1,568	-	6,132,124	-	6,133,692	-	-	-	6,133,692	6,262,309
Other professional fees	57,743	35,275	310,140	31,520	434,678	18,008	11,257	29,265	463,943	214,438
Audit and legal	2,328	1,248	1,506	618	5,700	921	33,285	34,206	39,906	45,064
Total professional fees and services	<u>61,639</u>	<u>36,523</u>	<u>6,443,770</u>	<u>32,138</u>	<u>6,574,070</u>	<u>18,929</u>	<u>44,542</u>	<u>63,471</u>	<u>6,637,541</u>	<u>6,521,811</u>
Occupancy:										
Rent	133,082	64,947	82,754	32,156	312,939	47,913	40,780	88,693	401,632	419,860
Depreciation	19,660	10,545	12,719	5,221	48,145	7,780	3,090	10,870	59,015	55,486
Other occupancy	11,185	6,000	7,236	2,970	27,391	4,425	3,767	8,192	35,583	50,054
Utilities	3,133	1,680	2,026	832	7,671	1,239	1,055	2,294	9,965	9,643
Equipment leases	2,609	1,400	1,688	693	6,390	1,032	879	1,911	8,301	10,811
Total occupancy	<u>169,669</u>	<u>84,572</u>	<u>106,423</u>	<u>41,872</u>	<u>402,536</u>	<u>62,389</u>	<u>49,571</u>	<u>111,960</u>	<u>514,496</u>	<u>545,854</u>
Other:										
Special events	18,890	64,855	18,350	18,350	120,445	64,855	-	64,855	185,300	189,250
Filing fees and litigation costs	49,883	617	29,397	1,122	81,019	455	387	842	81,861	33,150
Printing and publications	12,092	15,651	8,914	5,482	42,139	14,385	714	15,099	57,238	52,400
Functions and meetings	9,445	15,684	7,375	5,140	37,644	16,502	1,975	18,477	56,121	96,365
Travel and conferences	11,337	12,438	18,241	4,720	46,736	6,023	481	6,504	53,240	60,068
Data management and communications	18,634	10,304	12,055	4,949	45,942	5,419	-	5,419	51,361	42,469
Bank charges and merchant fees	17,124	9,186	11,079	4,548	41,937	6,777	-	6,777	48,714	52,901
Telephone and internet	8,778	4,708	5,678	2,331	21,495	3,473	2,956	6,429	27,924	25,792
Advertising and marketing	8,511	4,565	5,506	2,260	20,842	3,368	539	3,907	24,749	23,264
Staff and volunteer development	8,825	1,966	5,709	2,344	18,844	1,186	1,010	2,196	21,040	10,422
Grants, donations and sponsorships	-	9,931	10,000	-	19,931	-	-	-	19,931	112,702
Dues, subscriptions and reference	9,869	758	6,385	2,621	19,633	90	77	167	19,800	18,124
Insurance	7,959	1,567	5,148	2,113	16,787	2,014	984	2,998	19,785	18,171
Postage	2,616	4,551	1,965	1,264	10,396	3,372	561	3,933	14,329	19,986
Office supplies and small equipment	3,603	1,933	2,331	957	8,824	1,426	1,214	2,640	11,464	11,077
Miscellaneous	216	117	141	58	532	86	73	159	691	1,935
Total other	<u>187,782</u>	<u>158,831</u>	<u>148,274</u>	<u>58,259</u>	<u>553,146</u>	<u>129,431</u>	<u>10,971</u>	<u>140,402</u>	<u>693,548</u>	<u>768,076</u>
Total expenses	1,318,149	734,060	7,280,097	371,033	9,703,339	542,259	386,972	929,231	10,632,570	10,358,054
Less - fundraising event expenses included with revenues on the statements of activities and changes in net assets	<u>(18,890)</u>	<u>(64,855)</u>	<u>(18,350)</u>	<u>(18,350)</u>	<u>(120,445)</u>	<u>(64,855)</u>	<u>-</u>	<u>(64,855)</u>	<u>(185,300)</u>	<u>(189,250)</u>
Total expenses included in the statements of activities and changes in net assets	<u>\$ 1,299,259</u>	<u>\$ 669,205</u>	<u>\$ 7,261,747</u>	<u>\$ 352,683</u>	<u>\$ 9,582,894</u>	<u>\$ 477,404</u>	<u>\$ 386,972</u>	<u>\$ 864,376</u>	<u>\$ 10,447,270</u>	<u>\$ 10,168,804</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, 2019

	Program Services				Support Services			Total	
	Civil Rights Project	Public Affairs and Education	Transgender Rights Project	AIDS Law Project	Total Program Services	Fundraising	General and Administrative		Total Support Services
Personnel and Related:									
Salaries	\$ 647,180	\$ 358,789	\$ 398,548	\$ 176,549	\$ 1,581,066	\$ 258,109	\$ 239,296	\$ 497,405	\$ 2,078,471
Fringe benefits	72,453	40,167	44,618	19,765	177,003	28,896	26,790	55,686	232,689
Payroll taxes	51,101	28,330	31,469	13,940	124,840	20,380	18,895	39,275	164,115
Contracted services	18,524	10,505	11,407	5,053	45,489	1,549	-	1,549	47,038
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>
Professional Fees and Services:									
Donated legal services	15,130	-	6,246,558	621	6,262,309	-	-	-	6,262,309
Other professional fees	34,171	32,027	103,118	23,671	192,987	9,950	11,501	21,451	214,438
Audit and legal	5,874	3,256	3,617	1,602	14,349	2,343	28,372	30,715	45,064
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>
Occupancy:									
Rent	135,307	70,274	82,275	34,580	322,436	50,554	46,870	97,424	419,860
Depreciation	18,444	10,225	11,358	5,031	45,058	7,356	3,072	10,428	55,486
Other occupancy	15,585	8,641	9,598	4,251	38,075	6,216	5,763	11,979	50,054
Utilities	3,003	1,665	1,849	819	7,336	1,197	1,110	2,307	9,643
Equipment leases	3,366	1,866	2,073	918	8,223	1,343	1,245	2,588	10,811
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>
Other:									
Special events	18,925	66,238	18,925	18,925	123,013	66,237	-	66,237	189,250
Filing fees and litigation costs	2,495	297	28,983	963	32,738	214	198	412	33,150
Printing and publications	9,607	15,224	7,135	5,046	37,012	14,277	1,111	15,388	52,400
Functions and meetings	23,203	23,957	15,736	9,068	71,964	22,069	2,332	24,401	96,365
Travel and conferences	12,549	16,112	15,097	7,778	51,536	7,750	782	8,532	60,068
Data management and communications	15,069	8,388	9,280	4,111	36,848	5,178	443	5,621	42,469
Bank charges and merchant fees	18,615	10,320	11,464	5,078	45,477	7,424	-	7,424	52,901
Telephone and internet	8,031	4,452	4,946	2,191	19,620	3,203	2,969	6,172	25,792
Advertising and marketing	8,099	4,490	4,987	2,209	19,785	3,230	249	3,479	23,264
Staff and volunteer development	3,433	1,917	2,115	937	8,402	1,048	972	2,020	10,422
Grants, donations and sponsorships	-	50,677	62,025	-	112,702	-	-	-	112,702
Dues, subscriptions and reference	9,117	651	5,615	2,487	17,870	132	122	254	18,124
Insurance	7,155	1,581	4,406	1,952	15,094	2,022	1,055	3,077	18,171
Postage	3,722	7,067	2,653	1,698	15,140	4,096	750	4,846	19,986
Office supplies and small equipment	3,449	1,912	2,124	941	8,426	1,376	1,275	2,651	11,077
Miscellaneous	749	400	291	131	1,571	186	178	364	1,935
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>
Total expenses	1,164,356	779,428	7,142,270	350,315	9,436,369	526,335	395,350	921,685	10,358,054
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>
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>

The accompanying notes are an integral part of these statements.

GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

Notes to Financial Statements
March 31, 2020 and 2019

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. GLAD advocates 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. GLAD focuses 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, 2020 and 2019

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).

Adoption of New Accounting Standards

Revenue from Contracts with Customers

During fiscal year 2020, GLAD adopted ASC Topic 606, *Revenue from Contracts with Customers*, with respect to its revenue recognition policies. The core principle of the new accounting guidance is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of this standard did not have a significant impact on GLAD's financial statements as GLAD's primary source of revenue is grants and contributions, which are not subject to this accounting standard.

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standards (Continued)

Contributions Received and Contributions Made

In fiscal year 2020, GLAD adopted FASB's Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. Based on GLAD's evaluation of its grants and contributions, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard.

Revenue Recognition

Special Events

Special event income is derived from GLAD's performance to host its annual dinner, summer party and other fundraising events in which revenues are recognized at the time of the events. Special event income consists of both contributions and sales. The contribution portion of the special event income is recognized as revenue when unconditionally committed or received in accordance with ASC Subtopic 958-605, *Revenue Recognition - Contributions*. The sales portion of the special event income is derived from various components, including ticket sales from these events held in which the transaction price is determined annually in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. Ticket sales for these events are set by GLAD and have not been allocated as these events are each considered to be one performance obligation. Special event income is shown net of direct event costs of \$185,300 and \$189,250 for the years ended March 31, 2020 and 2019, respectively. Fees collected in advance of the special event are initially recorded as deferred revenue (contract liabilities) and are only recognized in the statements of activities and changes in net assets after the special event has occurred and the performance obligation has been met yet. There was no deferred revenue as of March 31, 2020 and 2019, as fees were collected and the events were held in the same period.

Individual Contributions and Grants

In accordance with ASC Subtopic 958-605, *Revenue Recognition - Contributions*, GLAD must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that GLAD should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

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.

GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

Notes to Financial Statements
March 31, 2020 and 2019

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contracted Services

GLAD generally measures revenue for qualifying exchange transactions based on the amount of consideration GLAD expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as GLAD satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. GLAD evaluates its contract service revenue based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Contract services are recognized by GLAD for services provided for research related to HIV treatment. This service is considered a single performance obligation as this service is distinct. The performance obligations under this agreement is satisfied evenly over the year as the third party receive the benefits provided as GLAD performs these services and also the third party maintains the rights to all data. Compensation is generally fixed under the relevant agreement. The services are only recognized as revenue when collection is assured.

Investment and Attorney Fees and Other Income

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). All other revenue is recognized when earned.

Bequests

Bequests are recorded upon receipt of final notification of the bequest after the estate has gone through the probate process.

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 \$5,095 and \$2,163 for fiscal years 2020 and 2019, 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, 2020 and 2019

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 2020 and 2019, GLAD received stock donations valued at \$146,911 and \$80,947, 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

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.

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, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019. GLAD's information returns are subject to examination by Federal and state jurisdictions.

GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

Notes to Financial Statements
March 31, 2020 and 2019

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 revenue (expense) and includes 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>2020</u>	<u>2019</u>
Salaries	\$ 21,855	\$ 19,744
Other expenses	13,758	13,227
Fringe benefits and payroll taxes	8,742	7,898
Grants	-	40,000
Professional fees	-	5,000
	<u>\$ 44,355</u>	<u>\$ 85,869</u>

Subsequent Events

Subsequent events have been evaluated through July 13, 2020, which is the date the financial statements were available to be issued. See Notes 6 and 11 for events that met the criteria for disclosure in the financial statements.

2. PLEDGES RECEIVABLE

Pledges are recorded when unconditionally committed. Pledges receivable at March 31, 2020 and 2019, 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>2020</u>	<u>2019</u>
Due within one year	\$ 244,500	\$ 339,641
Due within four years	-	89,895
	<u>244,500</u>	<u>429,536</u>
Less - allowance	17,848	31,356
Less - discount	5,309	9,754
Less - current portion	<u>211,343</u>	<u>339,641</u>
Long-term pledges receivable, net	<u>\$ -</u>	<u>\$ 48,785</u>

GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

Notes to Financial Statements
March 31, 2020 and 2019

2. PLEDGES RECEIVABLE (Continued)

The pledges have been discounted using a 2.5% and 1.0% interest rate as of March 31, 2020 and 2019, respectively. Four donors' balances represent approximately 82% and 76% of the total outstanding pledges receivable balance at March 31, 2020 and 2019, 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 2020, the Board authorized \$322,716, of which \$5,000 was capitalized, to be spent on approved initiatives. During fiscal year 2019, the Board authorized \$107,793, of which \$6,900 was capitalized, to be spent on approved initiatives. Additionally, during the years ended March 31, 2020 and 2019, management transferred \$223,447 and \$221,517, 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>2020</u>	<u>2019</u>
Purpose restrictions	\$ 971,963	\$ 938,755
Time restrictions	<u>343,185</u>	<u>416,392</u>
Total net assets with donor restrictions	<u>\$ 1,315,148</u>	<u>\$ 1,355,147</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 2021 and 2022. During fiscal years 2020 and 2019, GLAD spent \$300,000 and \$296,290, respectively, of this fund and the release from purpose restrictions was made accordingly.

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.

GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.Notes to Financial Statements
March 31, 2020 and 2019**4. INVESTMENTS (Continued)**

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

	2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 983,707	\$ -	\$ -	\$ 983,707
Certificates of deposit	134,251	502,348	-	636,599
Mutual funds	579,065	-	-	579,065
Domestic equities	241,785	-	-	241,785
International equity	45,524	-	-	45,524
Other	<u>17,664</u>	<u>-</u>	<u>-</u>	<u>17,664</u>
Total investments	<u>\$ 2,001,996</u>	<u>\$ 502,348</u>	<u>\$ -</u>	<u>\$ 2,504,344</u>

	2019			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 300,431	\$ -	\$ -	\$ 300,431
Certificates of deposit	175,175	750,278	-	925,453
Mutual funds	986,969	-	-	986,969
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>

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

	<u>2020</u>	<u>2019</u>
Investment income	\$ 23,154	\$ 27,433
Net realized losses	(3,609)	(11,144)
Investment management fee	(3,918)	(2,561)
Net unrealized gains (losses)	<u>(68,708)</u>	<u>5,930</u>
	<u>\$ (53,081)</u>	<u>\$ 19,658</u>

5. PROPERTY AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Office and computer equipment	\$ 284,798	\$ 277,532
Leasehold improvements	<u>34,283</u>	<u>34,283</u>
	319,081	311,815
Less - accumulated depreciation	<u>197,447</u>	<u>138,432</u>
	<u>\$ 121,634</u>	<u>\$ 173,383</u>

GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

Notes to Financial Statements
March 31, 2020 and 2019

6. OPERATING LEASE AGREEMENTS

GLAD leases office space in Boston, Massachusetts under a 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, 2020 and 2019, was \$161,677 and \$155,596, respectively. 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.

GLAD rents office space in Easthampton, Massachusetts under a lease agreement that expired on May 31, 2020. The monthly rental payment under this lease was \$370. Subsequent to year end, this lease was renewed through May 31, 2022. Commencing on June 1, 2020, rent payments will increase each year at the greater of the same percent of annual increase as the Consumer Price Index in January of each year or at 3.5%, as defined in the agreement.

GLAD has a lease agreement for office space in Portland, Maine that expired on July 31, 2019. During fiscal year 2020, this lease was renewed through July 31, 2020. The monthly rental payment under these agreements is \$1,000.

Total rent expense was \$401,632 and \$419,860 for fiscal years 2020 and 2019, respectively. Included in rent expense was approximately \$3,400 and \$5,800 of rental charges for additional storage space during fiscal years 2020 and 2019, respectively.

GLAD also leases certain equipment under two operating lease agreements expiring on various dates through December 2023. Lease expense under these agreements was \$8,301 and \$10,811 for fiscal years 2020 and 2019, respectively, and is reflected as equipment leases in the accompanying statements of functional expenses.

Future minimum lease payments under these agreements are as follows:

<u>Fiscal Year</u>	<u>Facility Leases</u>	<u>Equipment Leases</u>
2021	\$ 386,575	\$ 9,200
2022	394,237	9,200
2023	396,404	9,200
2024	400,635	5,585
2025	408,322	-
Thereafter	<u>1,417,271</u>	<u>-</u>
Total	<u>\$ 3,403,444</u>	<u>\$ 33,185</u>

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 2020 and 2019, GLAD contributed \$66,826 and \$58,497, respectively, to the Plan, which is included in fringe benefits in the accompanying statements of functional expenses.

GLBTQ LEGAL ADVOCATES & DEFENDERS, INC.

Notes to Financial Statements
March 31, 2020 and 2019

8. 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.

9. DONATED LEGAL SERVICES

In fiscal years 2020 and 2019, GLAD received donated legal services of \$6,133,692 and \$6,262,309, respectively. These amounts were unusually high, given new challenges from the Federal administration and a reinvigorated conservative opposition.

In fiscal years 2020 and 2019, not only did GLAD continue work in its I.D. clinic, which was created to help transgender individuals in seeking name changes and amendments to identity documents 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.

10. LIQUIDITY

GLAD's financial assets available within one year from the statements of financial position date for general operating expenses are as follows as of March 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,476,249	\$ 1,383,559
Short-term investments	760,000	760,000
Current portion of pledges receivable	221,343	339,641
Accounts receivable	<u>14,481</u>	<u>6,174</u>
Total financial assets	<u>2,472,073</u>	<u>2,489,374</u>
Less - amounts subject to donor restrictions:		
Cash, current portion of pledges receivable and short-term investments subject to donor-imposed restrictions	(850,474)	(1,099,170)
Add - operating funds restricted for fiscal year 2021	276,167	-
Add - operating funds restricted for fiscal year 2020	<u>-</u>	<u>406,979</u>
	<u>(574,307)</u>	<u>(692,191)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,897,766</u>	<u>\$ 1,797,183</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. GLAD has additional investments held in its portfolio for long term purposes. These amounts of \$1,279,670 and \$1,589,192 at March 31, 2020 and 2019, respectively, could be used for general operations upon management and the Board of Directors' decision in the unanticipated liquidity needs.

11. SUBSEQUENT EVENT

The COVID-19 pandemic in the United States has resulted in the closures of many businesses and a marked reduction in economic activity. While this disruption is currently expected to be temporary, there is uncertainty around the duration and the impact it will have on GLAD's operations and financial position. Any related financial impact cannot be reasonably estimated at this time. In response, GLAD applied for and was awarded funds in April 2020 from the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in the amount of \$473,335. These funds will be forgiven based on the satisfaction of the conditions as defined in the agreement. GLAD is required to incur qualifying expenses such as certain payroll costs, including benefits, rent and utilities, and to maintain a consistent full-time employee count during the eight-week period as well as complying with additional requirements as noted in the agreement. GLAD expects to meet these conditions during fiscal year 2021, at which point the underlying revenue will be recognized. Additionally, as of March 31, 2020, GLAD has \$2,449,448 of operating and Board designated reserves, representing approximately seven months of operating expenses. GLAD's senior management team and the Board of Directors, through the Finance and Audit Committee, will continue to monitor income trends and expenses as part of its ongoing multi-year scenario planning.

12. RECLASSIFICATION

Certain amounts in the fiscal year 2019 financial statements have been reclassified to conform to the fiscal year 2020 presentation.