

GLSEN, INC.

Financial Statements

June 30, 2017

GLSEN, INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
GLSEN, Inc.

We have audited the accompanying financial statements of GLSEN, Inc., which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 GLSEN, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the financial statements of GLSEN, Inc. as of and for the year ended June 30, 2016, and our report dated November 2, 2016 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mayer Hoffman McCann CPAs

November 6, 2017

GLSEN, INC.
Statements of Financial Position
as of June 30, 2017 and 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 2,093,582	\$ 2,167,353
Certificates of deposit	50,000	50,000
Investments - at fair value (Note 4)	56,958	53,683
Pledges receivable, net (Notes 3 and 8)	1,148,372	1,029,281
Accounts receivable	33,174	18,652
Prepaid expenses and other assets	173,128	142,304
Restricted cash - letter of credit (Note 9)	308,070	308,070
Property and equipment, net (Note 5)	434,697	537,162
	<u>\$ 4,297,981</u>	<u>\$ 4,306,505</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 433,986	\$ 304,060
Accrued salary and related expenses	399,653	375,780
Deferred rent (Note 9)	371,392	310,956
Deferred revenue	67,550	15,750
	<u>1,272,581</u>	<u>1,006,546</u>
Commitments and contingencies (Note 9)		
Net assets:		
Unrestricted	1,540,614	1,955,797
Temporarily restricted (Note 6)	1,484,786	1,344,162
Total net assets	<u>3,025,400</u>	<u>3,299,959</u>
	<u>\$ 4,297,981</u>	<u>\$ 4,306,505</u>

See accompanying notes.

GLSEN, INC.
Statement of Activities
For the Year Ended June 30, 2017
with Summarized Comparative Totals for the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	2017	2016
Public support and revenue:				
Special event revenue	\$ 2,203,621	\$ -	\$ 2,203,621	\$ 2,127,986
Costs of direct benefits to donors	(322,528)	-	(322,528)	(374,522)
Contributions and net revenue from special events	1,881,093	-	1,881,093	1,753,464
Contributions	3,263,140	1,606,794	4,869,934	3,644,438
Contributions - in kind (Note 2)	28,510	-	28,510	52,100
Merchandise sales	61,859	-	61,859	37,157
Speaking engagements	2,000	-	2,000	17,274
Investment income (Note 4)	3,717	-	3,717	4,175
Other income	148,354	-	148,354	97,177
Loss on collection of contributions	(11,049)	-	(11,049)	(1,485)
Net assets released from restrictions (Note 6)	1,466,170	(1,466,170)	-	-
Total public support and revenue	<u>6,843,794</u>	<u>140,624</u>	<u>6,984,418</u>	<u>5,604,300</u>
Expenses:				
Program services:				
Communication	1,222,214	-	1,222,214	1,471,744
Education and Youth Services	779,270	-	779,270	822,320
Executive	333,330	-	333,330	324,248
Public Policy	825,734	-	825,734	657,236
Research	936,207	-	936,207	794,827
Field Services	1,033,272	-	1,033,272	969,514
Chapter Network	350,274	-	350,274	338,609
	<u>5,480,301</u>	<u>-</u>	<u>5,480,301</u>	<u>5,378,498</u>
Supporting services:				
Management and general	405,941	-	405,941	288,368
Development	1,372,735	-	1,372,735	1,363,972
	<u>1,778,676</u>	<u>-</u>	<u>1,778,676</u>	<u>1,652,340</u>
Total expenses	<u>7,258,977</u>	<u>-</u>	<u>7,258,977</u>	<u>7,030,838</u>
Change in net assets	(415,183)	140,624	(274,559)	(1,426,538)
Net assets, beginning of year	<u>1,955,797</u>	<u>1,344,162</u>	<u>3,299,959</u>	<u>4,726,497</u>
Net assets, end of year	<u>\$ 1,540,614</u>	<u>\$ 1,484,786</u>	<u>\$ 3,025,400</u>	<u>\$ 3,299,959</u>

See accompanying notes.

GLSEN, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2017
with Summarized Comparative Totals for the Year Ended June 30, 2016

	Program Services							Supporting Services			Total 2017	Total 2016	
	Communication	Education and Youth Services	Executive	Public Policy	Research	Field Services	Chapter Network	Total Program Services	Management and General	Development			Total Supporting Services
Personnel service costs	\$ 573,432	\$ 444,166	\$ 164,495	\$ 373,347	\$ 518,114	\$ 596,612	\$ 62,861	\$ 2,733,027	\$ 283,071	\$ 563,303	\$ 846,374	\$ 3,579,401	\$ 3,463,702
Printing and publications	128,515	15,803	15,131	860	18,443	12,612	34,581	225,945	740	59,350	60,090	286,035	395,583
Postage and shipping	17,366	4,435	1,782	936	1,716	5,130	2,659	34,024	761	16,460	17,221	51,245	73,033
Professional fees	197,798	34,569	13,137	188,293	39,166	30,565	59,876	563,404	4,224	474,885	479,109	1,042,513	1,060,568
Occupancy	112,454	90,404	20,947	159,366	103,634	121,274	-	608,079	67,044	112,454	179,498	787,577	681,928
Telephone and telecommunications	2,692	2,165	502	3,816	6,879	2,904	-	18,958	5,847	3,028	8,875	27,833	41,744
Subgrants and awards	1,000	5,000	-	-	107,000	-	21,196	134,196	-	1,200	1,200	135,396	57,435
Equipment rental and maintenance	17,866	14,363	3,328	11,911	16,465	19,267	-	83,200	11,204	17,866	29,070	112,270	112,760
Office supplies	14,221	21,516	2,509	2,520	2,851	4,308	37,853	85,778	2,805	7,113	9,918	95,696	69,744
Insurance	4,344	3,492	809	2,896	4,004	4,685	-	20,230	2,002	4,344	6,346	26,576	31,266
Subscriptions and dues	79,389	2,994	1,691	36,544	12,091	7,867	2,620	143,196	4,152	12,080	16,232	159,428	164,006
Travel and conferences	29,545	102,548	100,615	16,881	66,473	169,886	103,638	589,586	50	50,422	50,472	640,058	659,945
Depreciation and amortization	20,400	16,400	3,800	13,600	18,800	22,000	-	95,000	9,400	20,400	29,800	124,800	57,885
Miscellaneous	23,192	21,415	4,584	14,764	20,571	36,162	24,990	145,678	14,641	29,830	44,471	190,149	161,239
Total expenses	\$ 1,222,214	\$ 779,270	\$ 333,330	\$ 825,734	\$ 936,207	\$1,033,272	\$ 350,274	\$ 5,480,301	\$ 405,941	\$ 1,372,735	\$ 1,778,676	\$ 7,258,977	\$ 7,030,838

See accompanying notes.

GLSEN, INC.
 Statements of Cash Flows
 For the Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (274,559)	\$ (1,426,538)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	124,800	57,885
Investment gain, realized and unrealized, net	(1,257)	(1,069)
Loss on collection of contributions	11,049	1,485
Deferred rent	60,436	276,450
Change in assets and liabilities:		
Pledges receivable, net	(130,140)	614,698
Accounts receivable	(14,522)	22,761
Prepaid expenses and other assets	(30,824)	30,932
Accounts payable and accrued expenses	129,926	(26,185)
Accrued salary and related expenses	23,873	(4,595)
Deferred revenue	51,800	(9,250)
Net cash used in operating activities	(49,418)	(463,426)
Cash flows from investing activities:		
Purchase of property and equipment	(22,335)	(457,447)
Proceeds from redemption of certificate of deposit	-	22,053
Proceeds from sale of investments	385,214	3,095
Purchases of investments	(387,232)	(2,470)
Net cash used in investing activities	(24,353)	(434,769)
Cash used in financing activities:		
Increase in restricted cash as collateral for a letter of credit	-	(198,820)
Net decrease in cash and cash equivalents	(73,771)	(1,097,015)
Cash and cash equivalents, beginning of year	2,167,353	3,264,368
Cash and cash equivalents, end of year	\$ 2,093,582	\$ 2,167,353

See accompanying notes.

GLSEN, INC.
Notes to Financial Statements

Note 1 - Nature of Organization

GLSEN, Inc. (“GLSEN”) is a national organization located in New York, dedicated to ending bullying, harassment and biased behavior in K-12 public, private and parochial schools, especially as it relates to students who are, or are perceived to be, gay, lesbian, bisexual or transgender (LGBT). GLSEN employs community organizing, advocacy, in-school programming, and rigorous research and evaluation to accomplish its mission.

GLSEN is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and has been held to be a publicly supported organization, and not a private foundation under Section 509(a). GLSEN’s primary source of revenue comes from contributions.

There are regional chapters throughout the country that work in conjunction with GLSEN. The regional chapters follow guidelines established by GLSEN and have agreed to remit a program fee to GLSEN. The financial information of the chapters is included in GLSEN’s financial statements and any intercompany balances have been eliminated.

The following describe GLSEN’s programs:

- a. **Communication** - GLSEN’s Communications Department provides the public, press and GLSEN constituents with regular communications and marketing materials about GLSEN’s mission and programs. The department develops effective messaging, trains spokespeople to effectively discuss GLSEN’s issues, places media stories, develops marketing campaigns for GLSEN days of action, products and programs, and supports all departments in constituent engagement strategies that advance GLSEN’s work to create safe and inclusive K-12 schools for LGBTQ youth.
- b. **Education and Youth Programs** - GLSEN’s Education and Youth Programs Department produces research-based tools (educator guides, curricular resources, trainings and educator/student-led initiatives) that enhance educator and student capacity to create the kinds of respectful, affirming and LGBTQ-inclusive classrooms and schools that GLSEN envisions. Among this is building the capacity of 4,000 student-led clubs, the well-known *Safe Space Kit*, *Day of Silence*, national Training of Trainers workshops, *GLSEN’s National Student Council*, *Changing the Game: The GLSEN Sports Project* initiative and *Ready, Set, Respect! GLSEN’s Elementary School Toolkit*.
- c. **Executive** - GLSEN’s Executive Department sets GLSEN’s strategic direction and supervises its programmatic work. The national collaborations developed by GLSEN’s Executive team amplify the organization’s impact, increasing the reach of GLSEN’s research and curricula, and increasing GLSEN’s influence in the education world and the safe-schools and LGBT movements.

GLSEN, INC.
Notes to Financial Statements

Note 1 - Nature of Organization (Continued)

- d. **Public Policy** - GLSEN's Public Policy Department advocates directly with public officials at all levels of government and within coalitions for policy and legislative change that will create and support safe and affirming school environments for all students. Public Policy also regularly launches impactful grassroots advocacy campaigns and provides logistical and strategic support across the country to state and local organizations, including GLSEN chapters, working to fulfill GLSEN's mission.
- e. **Research** - GLSEN's Research Department conducts original research on issues of sexual orientation, gender identity and gender expression in K-12 education, including GLSEN's biennial survey of LGBTQ students, the *National School Climate Survey*. GLSEN Research also evaluates GLSEN programs and recommended efforts to improve school climate. GLSEN Research provides tools and technical assistance to government agencies, educators, students and local advocates to conduct research in order to document student experiences and improve schools across the country.
- f. **Field Services** - GLSEN's Field Services Department provides capacity-building support, technical assistance and strategic planning guidance to volunteers and community-based advocates working to create safe, affirming and inclusive schools in their communities. These volunteers and advocates include 39 accredited GLSEN Chapters that work to realize GLSEN's mission on the local level and numerous individuals who take actions in their communities.
- g. **Chapter Network** - As GLSEN's primary local presence, the Chapter Network works directly with school administrators, educators, students, and community partners to deliver programming to make schools safe, inclusive, and affirming learning environments for all students, regardless of sexual orientation, gender identity and/or gender expression. The chapters provide direct training for educators and hold events that convene student GSAs and other constituencies to build their capacity to improve school climate. They also conduct initiatives to increase awareness of GLSEN's mission and fundraise to support their local work. There are currently 39 GLSEN chapters in 26 states.

GLSEN, INC.
Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The classification of GLSEN's net assets and its support and revenue is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

GLSEN maintains its net assets under the following three classes:

Unrestricted - Net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations.

Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by GLSEN is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of GLSEN pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted - Net assets resulting from contributions and other inflows of assets whose use by GLSEN is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of GLSEN. As of June 30, 2017 and 2016, GLSEN did not have any permanently restricted net assets.

Cash and Cash Equivalents

GLSEN considers all highly liquid debt instruments with an original maturity date of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents are comprised of cash and money market funds, with the exception of funds held by GLSEN's financial institution as collateral for the standby letter of credit further described in Note 9.

GLSEN, INC.
Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Pledges and Accounts Receivable

Pledges (unconditional promises to give) are recorded as revenue when the pledge is made and are recorded at realizable value. GLSEN considers pledges to be collected in future periods to be implicitly time restricted and such future pledges are recorded as temporarily restricted net assets. GLSEN evaluates the need for an allowance for doubtful accounts (for both pledges and accounts receivable) based on its historical loss experience and consideration of the age of receivables. As of June 30, 2017 and 2016, GLSEN determined that the allowance for doubtful accounts was \$10,000 and \$15,100, respectively.

Revenue Recognition

GLSEN's revenue is derived primarily from contributions and special events as follows:

- Contributions - It is the policy of GLSEN to record contributed grants as revenue in accordance with the terms of the respective donor. Accordingly, GLSEN reports gifts of cash and other assets as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions are considered available for unrestricted use, unless specifically restricted by the donor. Conditional contributions are recorded when the specified conditions have been met.
- Special events - GLSEN conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event (such as meals and entertainment). Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of those direct costs provided at special events is measured at the actual cost to GLSEN. Proceeds received in excess of the direct costs are recorded as contributions and net revenue from special events in the accompanying statement of activities.

GLSEN records contributed goods at their fair value on the date of receipt. GLSEN also receives contributed services that are an integral part of its operations. Such services are only recorded as contributions in-kind (at fair value) if the services received create or enhance non-financial assets, require specified skills provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. During the years ended June 30, 2017 and 2016, GLSEN recognized \$28,510 and \$52,100, respectively, of contributed good and services.

GLSEN, INC.
Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Investments

Investments are stated at fair value, which is the prevailing market value, in the accompanying statement of financial position. Investments consist of various mutual funds. Realized and unrealized gains and losses are recognized in change in net assets in the statement of activities.

Fair Value

GLSEN applies Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) 820, “Fair Value Measurement,” which provides a framework for measuring fair value under U.S. GAAP. FASB ASC 820 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in FASB ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 - Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 - Observable inputs other than Level 1 inputs including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or that can be derived principally from or corroborated by observable market data.
- Level 3 - Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

GLSEN, INC.
Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value (Continued)

For the years ended June 30, 2017 and 2016, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market price activity of the instrument.

All transfers between fair value hierarchy levels are recognized at the end of each year. There had been no transfers between fair value hierarchy levels during 2017 and 2016.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation or amortization. GLSEN capitalizes all assets having a useful life of more than one year and a cost greater than \$1,000. Purchases below \$1,000 are expensed at the time of acquisition. Leasehold improvements are amortized on a straight-line basis over the lesser of their useful lives or the term of the lease. Property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets.

Deferred Rent

GLSEN leases its New York City office, whereby the landlord provided rent credits at the start of the lease. Accordingly, GLSEN reflects a liability for this free rent period and escalation clause that is amortized on a straight-line basis over the life of the lease.

Functional Allocations of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services benefited. GLSEN reports fundraising expenses as development.

GLSEN, INC.
Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Taxes

GLSEN follows the accounting standard for uncertainty in income taxes. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. GLSEN is subject to regular audit by tax authorities. Management believes that it has appropriate support for the positions taken on its tax returns. In assessing the reliability of tax benefits, management considers whether it is more likely than not that some portion or all of any tax position will not be realized. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts filed. Management believes that its nonprofit status would be sustained upon examination.

Use of Estimates

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

Comparative Financial Information

The June 30, 2016 financial statements include certain prior year summarized comparative information in total but not by net asset class. As a result, the year ended June 30, 2016 comparative information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with GLSEN's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Note 3 - Pledges Receivable, Net

Pledges receivable consist of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Amount due in less than one year	\$ 1,158,372	\$ 1,044,381
Amount due from one to five years	-	-
	<u>1,158,372</u>	<u>1,044,381</u>
Less allowance for doubtful accounts	<u>(10,000)</u>	<u>(15,100)</u>
	<u>\$ 1,148,372</u>	<u>\$ 1,029,281</u>

GLSEN, INC.
Notes to Financial Statements

Note 4 - Investments and Fair Value Measurement

Investments in mutual funds are considered Level 1 investments and are stated at fair value based on quoted market prices.

For the years ended June 30, 2017 and 2016, return on investments consists of the following (excluding interest earned on cash equivalents of \$2,460 and \$3,106, respectively):

	<u>2017</u>	<u>2016</u>
Realized loss	\$ (83)	\$ (312)
Unrealized gain	<u>1,340</u>	<u>1,381</u>
	<u>\$ 1,257</u>	<u>\$ 1,069</u>

Note 5 - Property and Equipment, Net

Property and equipment consists of the following as of June 30:

	<u>2017</u>	<u>2016</u>	<u>Estimated Useful Life</u>
Computer equipment	\$ 232,514	\$ 239,060	3 years
Furniture and fixtures	245,807	235,904	5 years
Leasehold improvements	207,556	207,556	10 years
Website development cost	<u>143,488</u>	<u>143,488</u>	5 years
	829,365	826,008	
Less: Accumulated depreciation and amortization	<u>(394,668)</u>	<u>(288,846)</u>	
	<u>\$ 434,697</u>	<u>\$ 537,162</u>	

Depreciation and amortization expense was \$124,800 and \$57,885 for the years ended June 30, 2017 and 2016, respectively.

GLSEN, INC.
Notes to Financial Statements

Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30:

	<u>2017</u>	<u>2016</u>
Student Leadership Program	\$ 753,583	\$ 980,931
Fund for Local Impact	200,000	-
LGBT Sports Project	1,000	51,950
State Advocacy & Safe Schools Initiative	152,625	42,472
Gay Straight Alliance Support	23,180	9,450
Bullying Prevention	29,947	16,201
International Initiatives	-	140,000
Intern Program	1,834	3,158
Time Restricted	<u>322,617</u>	<u>100,000</u>
	<u>\$ 1,484,786</u>	<u>\$ 1,344,162</u>

Net assets were released from restrictions during the year ended June 30, 2017 by incurring program expenses or the passage of time, thus satisfying the restricted purposes as follows:

Student Leadership Program	\$ 723,000
LGBT Sports Project	50,950
State Advocacy & Safe Schools Initiative	51,938
Gay Straight Alliance Support	16,620
International Initiatives	150,000
Bullying Prevention	5,254
Intern Program	16,024
Time Restricted	<u>452,384</u>
	<u>\$ 1,466,170</u>

Note 7 - Benefit Plan

GLSEN maintains a qualified defined contribution plan covering all eligible employees after one year of service. Employees vest over a multi-year period. GLSEN makes discretionary contributions to this plan based on years of service. During the years ended June 30, 2017 and 2016, GLSEN contributed approximately \$111,800 and \$93,400, respectively.

GLSEN, INC.
Notes to Financial Statements

Note 8 - Concentrations and Credit Risk

Credit Risk

Financial instruments that potentially subject GLSEN to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. GLSEN places its temporary cash investments with high credit quality financial institutions. At times, deposits may be in excess of the FDIC limits. GLSEN has not experienced any losses in such accounts.

Pledges Receivable

One donor accounted for approximately 35% of GLSEN’s pledges receivable as of June 30, 2017 and three donors accounted for approximately 60% of GLSEN’s pledges receivable as of June 30, 2016.

Note 9 - Commitments and Contingencies

Leases

GLSEN has a lease in New York City for its national office. This lease expired in November 2015. GLSEN signed a new lease in New York City starting December 2015, with a free rent period and yearly escalations. The lease expires in April 2026. GLSEN has a lease in Washington, D.C. for its Public Policy office, which expires in October 2018. Rents are accounted for on a straight-line basis over the life of the lease. Included in the statements of financial position is a liability of approximately \$371,000 and \$311,000 as of June 30, 2017 and 2016, respectively, related to deferred rent under the straight-line method of accounting. GLSEN also leases office equipment for its operations.

As of June 30, 2017, the minimum lease obligations were as follows:

Year Ending <u>June 30,</u>	
2018	\$ 743,900
2019	706,000
2020	690,400
2021	708,200
2022	748,500
Thereafter	<u>3,027,300</u>
	<u>\$ 6,624,300</u>

GLSEN, INC.
Notes to Financial Statements

Note 9 - Commitments and Contingencies (Continued)

Leases (Continued)

As of June 30, 2017 and 2016, GLSEN maintained a standby letter of credit in the amount of \$308,070 for both years in lieu of a security deposit for its national office. GLSEN secured the letter of credit through the purchase of money market funds and certificates of deposit, which is shown as restricted cash on the statements of financial position.

Rental expense (including real estate tax escalation charges and other operating expenses) for the years ended June 30, 2017 and 2016 was approximately \$788,000 and \$682,000, respectively.

Note 10 - Subsequent Events

GLSEN has evaluated subsequent events through November 6, 2017, the date the financial statements were available to be issued, and has concluded that no such events or transactions took place which would require disclosure herein.