

GLSEN, Inc.

Financial Statements

Years Ended June 30, 2022 and 2021

GLSEN, Inc.

Financial Statements

Years Ended June 30, 2022 and 2021

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Independent Auditor's Report

Board of Directors
GLSEN, Inc.

Opinion

We have audited the financial statements of GLSEN, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, based on our audit, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Organization, as of and for the year ended June 30, 2021, were audited by other auditors, whose report, dated November 9, 2021, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Sax LLP

Parsippany, NJ
November 16, 2022

GLSEN, Inc.

Statements of Financial Position

	June 30,	
	2022	2021
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 9,649,697	\$ 10,174,396
Certificates of deposit	50,000	50,000
Investments - at fair value	75,772	81,540
Pledges receivable, net	4,041,243	3,858,968
Accounts receivable	43,040	85,563
Prepaid expenses and other assets	200,624	286,482
Restricted cash - letter of credit	315,065	-
Property and equipment, net	367,473	478,348
TOTAL ASSETS	<u>\$ 14,742,914</u>	<u>\$ 15,015,297</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 402,858	\$ 245,100
Accrued salaries and related expenses	293,190	269,034
Deferred revenue	34,167	249,501
Deferred rent	462,335	639,304
Total liabilities	<u>1,192,550</u>	<u>1,402,939</u>
NET ASSETS		
Without donor restrictions	9,401,794	10,154,169
With donor restrictions	4,148,570	3,458,189
Total net assets	<u>13,550,364</u>	<u>13,612,358</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,742,914</u>	<u>\$ 15,015,297</u>

See accompanying Notes to Financial Statements.

GLSEN, Inc.

Statements of Activities

	Year Ended June 30, 2022			Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Special event revenue	\$ 2,035,551	\$ -	\$ 2,035,551	\$ 811,465	\$ -	\$ 811,465
Costs of direct benefits to donors	(130,114)	-	(130,114)	(30,924)	-	(30,924)
Contributions and net revenue from special events	1,905,437	-	1,905,437	780,541	-	780,541
Contributions	4,499,072	2,198,822	6,697,894	5,132,791	2,850,684	7,983,475
Contributions - in-kind	55,523	-	55,523	269,991	-	269,991
Merchandise sales	91,708	-	91,708	74,984	-	74,984
Speaking engagements	2,000	-	2,000	900	-	900
Investment income (loss)	(6,711)	-	(6,711)	11,521	-	11,521
Other income	94,971	-	94,971	91,968	-	91,968
Paycheck Protection Program ("PPP") loan forgiveness	-	-	-	154,454	-	154,454
Loss on collection of contributions	-	-	-	(28,664)	-	(28,664)
Net assets released from restrictions	1,508,441	(1,508,441)	-	833,681	(833,681)	-
Total revenues and other support	8,150,441	690,381	8,840,822	7,322,167	2,017,003	9,339,170
FUNCTIONAL EXPENSES						
Program service expenses						
Media relations and public voice	1,662,869	-	1,662,869	1,191,377	-	1,191,377
Education and youth services	385,322	-	385,322	742,359	-	742,359
Executive	608,237	-	608,237	447,205	-	447,205
Public policy	544,496	-	544,496	682,140	-	682,140
Research institute	1,052,718	-	1,052,718	873,071	-	873,071
Community mobilization	1,264,210	-	1,264,210	411,107	-	411,107
Chapter network	629,127	-	629,127	372,008	-	372,008
Total program service expenses	6,146,979	-	6,146,979	4,719,267	-	4,719,267
Support service expenses						
Management and general	1,072,899	-	1,072,899	961,773	-	961,773
Development	1,682,938	-	1,682,938	1,318,530	-	1,318,530
Total support service expenses	2,755,837	-	2,755,837	2,280,303	-	2,280,303
Total functional expenses	8,902,816	-	8,902,816	6,999,570	-	6,999,570
Increase (decrease) in net assets	(752,375)	690,381	(61,994)	322,597	2,017,003	2,339,600
NET ASSETS, beginning of year	10,154,169	3,458,189	13,612,358	9,831,572	1,441,186	11,272,758
NET ASSETS, end of year	\$ 9,401,794	\$ 4,148,570	\$ 13,550,364	\$ 10,154,169	\$ 3,458,189	\$ 13,612,358

See accompanying Notes to Financial Statements.

GLSEN, Inc.

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Service Expense							Support Service Expenses			Total Functional Expenses	
	Media Relations and Public Voice	Education and Youth Services	Executive	Public Policy	Research Institute	Community Mobilization	Chapter Network	Total Program Service Expenses	Management and General	Development		Total Supporting Service Expenses
Personnel service costs	\$ 515,075	\$ 142,697	\$ 370,450	\$ 250,819	\$ 737,487	\$ 728,497	\$ 53,162	\$ 2,798,187	\$ 607,511	\$ 728,105	\$ 1,335,616	\$ 4,133,803
Printing and publications	90,969	3,987	316	92	38,710	1,206	19,228	154,508	133	23,035	23,168	177,676
Postage and shipping	11,994	27,020	11	16	61	2,369	1,539	43,010	24	13,475	13,499	56,509
Professional fees	681,691	51,529	108,051	62,225	64,392	245,620	210,994	1,424,502	224,941	577,460	802,401	2,226,903
Occupancy	107,472	35,452	40,804	115,587	107,026	164,330	26,541	597,212	89,191	100,114	189,305	786,517
Telephone and telecommunications	4,196	1,384	1,593	2,545	4,178	6,415	-	20,311	6,719	3,908	10,627	30,938
Subgrants and awards	-	-	-	55,000	-	-	18,800	73,800	-	-	-	73,800
Equipment rental and maintenance	26,391	8,706	10,020	17,003	26,282	40,354	1,644	130,400	21,901	24,584	46,485	176,885
Supplies and books	1,638	101,831	5,268	160	556	9,057	203,459	321,969	229	14,328	14,557	336,526
Insurance	5,065	1,671	1,923	2,869	5,044	7,744	-	24,316	4,203	4,718	8,921	33,237
Subscriptions and dues	189,990	1,694	4,559	19,129	18,364	2,159	16,415	252,310	317	12,553	12,870	265,180
Travel and conferences	42	-	49,494	2,996	22,390	4,263	58,319	137,504	355	85,242	85,597	223,101
Miscellaneous	6,880	2,270	7,598	3,897	6,851	19,374	18,055	64,925	99,560	75,420	174,980	239,905
Cost of direct benefit to donors	-	-	-	-	-	-	-	-	-	130,114	130,114	130,114
Total functional expenses before depreciation and amortization	1,641,403	378,241	600,087	532,338	1,031,341	1,231,388	628,156	6,042,954	1,055,084	1,793,056	2,848,140	8,891,094
Less cost of direct benefit to donors	-	-	-	-	-	-	-	-	-	(130,114)	(130,114)	(130,114)
Depreciation and amortization	21,466	7,081	8,150	12,158	21,377	32,822	971	104,025	17,815	19,996	37,811	141,836
Total functional expenses	\$ 1,662,869	\$ 385,322	\$ 608,237	\$ 544,496	\$ 1,052,718	\$ 1,264,210	\$ 629,127	\$ 6,146,979	\$ 1,072,899	\$ 1,682,938	\$ 2,755,837	\$ 8,902,816

See accompanying Notes to Financial Statements.

GLSEN, Inc.

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Service Expense							Support Service Expenses			Total Functional Expenses	
	Media Relations and Public Voice	Education and Youth Services	Executive	Public Policy	Research Institute	Community Mobilization	Chapter Network	Total Program Service Expenses	Management and General	Development		Total Supporting Service Expenses
Personnel service costs	\$ 345,844	\$ 443,988	\$ 338,278	\$ 286,384	\$ 595,645	\$ 270,418	\$ -	\$ 2,280,557	\$ 619,251	\$ 704,268	\$ 1,323,519	\$ 3,604,076
Printing and publications	43,054	12	-	60	27,690	3,472	26,894	101,182	-	21,461	21,461	122,643
Postage and shipping	9,174	69	266	-	700	-	3,621	13,830	-	7,855	7,855	21,685
Professional fees	496,729	73,660	43,330	122,296	51,819	34,146	166,161	988,141	90,839	320,708	411,547	1,399,688
Occupancy	71,491	135,094	37,718	115,975	114,140	62,124	25,636	562,178	102,800	131,150	233,950	796,128
Telephone and telecommunications	2,611	4,933	1,377	2,236	4,168	2,269	-	17,594	6,925	4,789	11,714	29,308
Subgrants and awards	-	11,000	-	-	400	-	16,773	28,173	-	-	-	28,173
Equipment rental and maintenance	11,525	21,778	6,080	9,538	18,400	10,015	-	77,336	16,572	21,142	37,714	115,050
Office supplies	1,080	3,127	2,095	1,026	1,488	962	107,608	117,386	1,325	5,104	6,429	123,815
Insurance	3,020	5,706	1,593	2,499	4,821	2,624	-	20,263	4,342	5,539	9,881	30,144
Subscriptions and dues	184,831	1,336	1,145	124,337	16,051	3,464	15,451	346,615	1,260	13,674	14,934	361,549
Travel and conferences	738	1,445	3,188	178	3,775	526	9,155	19,005	221	494	715	19,720
Miscellaneous	3,114	5,884	2,551	2,577	4,971	5,302	25	24,424	92,117	49,021	141,138	165,562
Cost of direct benefit to donors	-	-	-	-	-	-	-	-	-	30,924	30,924	30,924
Total functional expenses before depreciation and amortization	1,173,211	708,032	437,621	667,106	844,068	395,322	371,324	4,596,684	935,652	1,316,129	2,251,781	6,848,465
Less cost of direct benefit to donors	-	-	-	-	-	-	-	-	-	(30,924)	(30,924)	(30,924)
Depreciation and amortization	18,166	34,327	9,584	15,034	29,003	15,785	684	122,583	26,121	33,325	59,446	182,029
Total functional expenses	\$ 1,191,377	\$ 742,359	\$ 447,205	\$ 682,140	\$ 873,071	\$ 411,107	\$ 372,008	\$ 4,719,267	\$ 961,773	\$ 1,318,530	\$ 2,280,303	\$ 6,999,570

GLSEN, Inc.

Statements of Cash Flows

	Years Ended June 30,	
	2022	2021
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (61,994)	\$ 2,339,600
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities		
Depreciation and amortization	141,836	182,029
Donation of investments	(70,413)	(143,415)
Loss on disposal of property and equipment	190	-
Investment (gain) loss, realized and unrealized, net	12,945	(7,339)
Loss on collection of contributions	-	28,664
PPP loan forgiveness	-	(154,454)
(Increase) decrease in assets		
Pledges receivable, net	(182,275)	(1,569,454)
Accounts receivable	42,523	(12,049)
Prepaid expenses and other current assets	85,858	(116,453)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	157,758	(248,074)
Accrued salary and related expenses	24,156	6,539
Deferred revenues	(215,334)	207,195
Deferred rent	(176,969)	166,618
	(241,719)	679,407
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Purchase of property and equipment	(31,151)	(24,630)
Proceeds from sale of securities	70,716	142,878
Purchase of investments	(7,480)	(4,783)
	32,085	113,465
Net increase (decrease) in cash, cash equivalents, and restricted cash	(209,634)	792,872
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, <i>beginning of year</i>	10,174,396	9,381,524
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, <i>end of year</i>	\$ 9,964,762	\$ 10,174,396

See accompanying Notes to Financial Statements.

GLSEN, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 1 - Nature of Organization

GLSEN, Inc. (“GLSEN”) is a national organization with headquarters in New York City, 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, transgender, or queer and questioning (LGBTQ). GLSEN employs community organizing, advocacy, public education, 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 local volunteer-led chapters throughout the country that work in conjunction with GLSEN. The 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. Media Relations and Public Voice

GLSEN’s Media Relations and Public Voice 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’s 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 Services

GLSEN’s Education and Youth Services 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 supporting the strength and impact of more than 7,500 student-led clubs (commonly known as “GSAs”), 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 LGBTQ movements.

GLSEN, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

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 strategic support across the country to state and local organizations, including GLSEN chapters, working to fulfill GLSEN's mission.

e. Research Institute

The GLSEN Research Institute 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, now in its 20th year. GLSEN Research Institute evaluates GLSEN programs and recommends efforts to improve school climate, and 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.

The GLSEN Research Institute also leads GLSEN's International Initiative, providing technical assistance and capacity-building support to 40+ NGO partners in four global regions to develop the evidence base for program development and advocacy on LGBTQ issues in primary and secondary education. In partnership with other GLSEN departments, the Research Institute organizes internal and partner capacity to engage with multilateral processes and international institutions to further norms of acceptance and inclusion for LGBTQ youth in education around the world, and to ensure their inclusion in global efforts to make education accessible to all.

f. Community Mobilization

GLSEN's Community Mobilization 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 43 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

With GLSEN's 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 38 GLSEN chapters in 25 states.

GLSEN, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies

a. Financial Statement Presentation

The classification of GLSEN's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets - without donor restrictions and with donor restrictions - 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.

These two classes are defined as follows:

Net Assets With Donor Restrictions - Net assets resulting from contributions and other inflows of assets whose use by GLSEN is limited by donor-imposed stipulations that either expire by 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 net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. GLSEN had \$4,148,570 and \$3,458,189 of net assets with donor restrictions at June 30, 2022 and 2021, respectively.

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions.

b. 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.

c. Restricted Cash

Restricted cash as of June 30, 2022 and 2021 was \$315,065 and \$-0-, respectively. Restricted cash consists of \$315,065 held in a bank account that serves as cash collateral for outstanding letters of credit (see Note 11).

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported on the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 9,649,697	\$ 10,174,396
Restricted cash	315,065	-
	<u>\$ 9,964,762</u>	<u>\$ 10,174,396</u>

GLSEN, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies - Continued

d. 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 net assets with donor restrictions. 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, 2022 and 2021, GLSEN determined that the allowance for doubtful accounts was \$17,250 and \$20,000, respectively.

e. 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 net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 statements 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, 2022 and 2021, GLSEN recognized contributed goods and services of approximately \$56,000 and \$270,000 respectively.

Services	\$ 56,000	Various administrative legal matters and other professional services	No associated donor restrictions	Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services.
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f. Investments

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

GLSEN, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies - Continued

g. Fair Value

GLSEN applies Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, *Fair Value Measurement*, which provides a framework for measuring fair value under accounting principles generally accepted in the United States of America (“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.

For the years ended June 30, 2022 and 2021, 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. 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 the years ended June 30, 2022 and 2021.

h. Property and Equipment

Property and equipment are 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 are depreciated on a straight-line basis over the estimated useful lives of the assets.

GLSEN, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies - Continued

i. 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.

j. 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. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as time and effort.

k. 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.

l. 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.

m. Recent Pronouncements

In September 2020, the FASB issued Accounting Standards Update (“ASU”) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. GLSEN adopted the provisions of ASU 2020-07 for in-kind transactions of goods and services as of June 30, 2022. Adoption did not have a material impact on GLSEN’s financial statements.

GLSEN, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies - Continued

n. Pending Pronouncements

In February 2016, the FASB issued 2016-02, *Leases* (Topic 842), which sets out the principles for recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases, and operating leases. The standard is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is in the process of evaluating the impact of this new guidance.

Note 3 - Liquidity and Availability

In accordance with ASU 2016-14, GLSEN regularly monitors liquidity to meet its operating needs and other contractual commitments. GLSEN has various sources of liquidity at its disposal including cash and cash equivalents, investments, pledges, and accounts receivable.

As of June 30, 2022 and 2021, financial assets held by GLSEN and available within one year for general expenditure are as follows:

	June 30,	
	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 9,649,697	\$ 10,174,396
Certificates of deposit	50,000	50,000
Investments - at fair value	75,772	81,540
Pledges receivable, net	3,270,903	2,439,363
Accounts receivable	43,040	85,563
	<u>13,089,412</u>	<u>12,830,862</u>
Less those financial assets unavailable for general expenditures within one year, due to		
Restricted by donor with time or purpose restrictions	<u>(3,323,570)</u>	<u>(1,948,189)</u>
	<u>\$ 9,765,842</u>	<u>\$ 10,882,673</u>

GLSEN, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 4 - Pledges Receivable

Pledges receivable consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Amount due in less than one year	\$ 3,270,903	\$ 2,439,363
Amount due from one to five years	825,000	1,510,000
	<u>4,095,903</u>	<u>3,949,363</u>
Less allowance for doubtful accounts	(17,250)	(20,000)
Less discounts - long-term pledges at 5%	(37,410)	(70,395)
	<u>\$ 4,041,243</u>	<u>\$ 3,858,968</u>

Note 5 - Investments and Fair Value Measurement

All investments are in mutual funds as of June 30, 2022 and 2021.

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, 2022 and 2021, return on investments consists of the following:

	<u>2022</u>	<u>2021</u>
Realized gain (loss)	\$ 276	\$ (559)
Unrealized gain (loss)	(13,221)	7,898
Interest and dividend income	6,234	4,182
	<u>\$ (6,711)</u>	<u>\$ 11,521</u>

Note 6 - Property and Equipment, Net

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

	<u>2022</u>	<u>2021</u>	Estimated Useful Life
Computer equipment	\$ 148,342	\$ 139,919	3 years
Furniture and fixtures	234,933	234,933	5 years
Leasehold improvements	207,556	207,556	Life of lease
Website development cost	527,506	527,506	5 years
Total property and equipment	<u>1,118,337</u>	<u>1,109,914</u>	
Less accumulated depreciation and amortization	<u>750,864</u>	<u>631,566</u>	
Property and equipment, net	<u>\$ 367,473</u>	<u>\$ 478,348</u>	

Depreciation and amortization expense were \$141,836 and \$182,029 for the years ended June 30, 2022 and 2021, respectively.

GLSEN, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 7 - Paycheck Protection Program (“PPP”) Loan Forgiveness

GLSEN received a PPP loan of \$657,000 as provided under the federal Coronavirus Aid, Relief, and Economic Security (“CARES”) Act funded on May 6, 2020, which was fully forgiven on May 24, 2021. During the year ended June 30, 2021, GLSEN used the remaining \$154,454 of the proceeds on qualified costs and such amounts have been reported as grant revenue on the statements of activities.

Note 8 - Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30:

	<u>2022</u>	<u>2021</u>
Student leadership program	\$ 337,486	\$ 321,031
Fund for local impact	527,373	513,524
Changing the game	20,000	50,000
Bullying prevention/educator trainings	1,165,765	1,353,191
Intern program & prom/youth summit/scholarship fund	6,623	19,636
NSCS	20,000	-
Policy	10,000	-
Rainbow Library	287,660	-
Time restricted	1,773,663	1,200,807
	<u>\$ 4,148,570</u>	<u>\$ 3,458,189</u>

Net assets were released from restrictions during the years ended June 30, 2022 and 2021 by incurring program expenses or the passage of time, thus satisfying the restricted purposes as follows:

	<u>2022</u>	<u>2021</u>
Student leadership program	\$ 121,563	\$ 46,553
Fund for local impact	179,166	-
Changing the game	110,295	50,000
Wells Fargo - research, TOT youth engagements	-	451,000
Bullying prevention/educator trainings	234,397	150,879
Intern program & prom/youth summit/scholarship fund	13,013	1,916
NSCS	49,705	-
Rainbow Library	201,135	-
Time restricted	599,167	133,333
	<u>\$ 1,508,441</u>	<u>\$ 833,681</u>

GLSEN, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 9 - 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 each of the years ended June 30, 2022 and 2021, GLSEN contributed approximately \$99,000 and \$94,000, respectively.

Note 10 - Concentrations and Credit Risk

a. 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.

b. Pledges Receivable

Three donors accounted for approximately 59% and 57% of GLSEN's pledges receivable as of June 30, 2022 and 2021, respectively.

c. Contributions

There were no major donors for the year ended June 30, 2022 and two donors accounted for approximately 30% of GLSEN's contributions for the year ended June 30, 2021.

Note 11 - Commitments and Contingencies

a. Leases

Beginning December 2015, GLSEN entered into a lease in New York City for its national office with a free rent period and yearly escalations. The lease expires in April 2026. On February 23, 2021, GLSEN entered into a rent deferral agreement. Per the agreement, the landlord agreed to 50% of the monthly fixed rent to be deferred commencing October 1, 2020 and ending on March 31, 2021. GLSEN is required to repay deferred rent in 18 consecutive equal monthly installments of \$9,354 that commenced July 1, 2021. GLSEN has a month-to-month lease in Washington, D.C. for its Public Policy office, which ends July 31, 2023, however, will renew automatically for the next 12 months if the lease is not terminated. 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 \$462,000 and \$639,000 as of June 30, 2022 and 2021, respectively, related to deferred rent under the straight-line method of accounting. GLSEN also leases office equipment for its operations.

GLSEN, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 11 - Commitments and Contingencies - Continued

a. Leases - Continued

As of June 30, 2022, the minimum lease obligations were as follows:

Years ending June 30,	
2023	\$ 832,900
2024	794,000
2025	811,600
2026	688,800
	<u>\$ 3,127,300</u>

The landlord drew down on the letter of credit in November 2020 and as of June 30, 2021, GLSEN did not replenish it. Per the rent deferral agreement, GLSEN was to replenish the letter of credit by December 31, 2021. As of June 30, 2022, GLSEN replenished a standby letter of credit in the amount of \$315,065 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, 2022 and 2021 was approximately \$787,000 and \$796,000, respectively.

Note 12 - Subsequent Events

GLSEN has evaluated subsequent events through November 16, 2022, the date the financial statements were available to be issued.