

**GLAD**

**EQUAL JUSTICE UNDER LAW**

**GAY & LESBIAN ADVOCATES & DEFENDERS, INC.  
(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**

**GAY & LESBIAN ADVOCATES & DEFENDERS, INC.  
(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**CONTENTS  
MARCH 31, 2014 AND 2013**

	<b><u>PAGES</u></b>
<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>1</b>
<b>FINANCIAL STATEMENTS:</b>	
Statements of Financial Position.....	2
Statements of Activities and Changes in Net Assets .....	3 - 4
Statements of Cash Flows .....	5
Statements of Functional Expenses .....	6 - 7
Notes to Financial Statements .....	8 - 18

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Gay & Lesbian Advocates & Defenders, Inc. (formerly, Park Square Advocates, Inc.):

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

We have audited the accompanying financial statements of Gay & Lesbian Advocates & Defenders, Inc. (formerly, Park Square Advocates, Inc.) (a Massachusetts corporation, not for profit) (GLAD) which comprise the statements of financial position as of March 31, 2014 and 2013, 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 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 Gay & Lesbian Advocates & Defenders, Inc. as of March 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Alexander, Aronson, Finning & Co., P.C.*

Boston, Massachusetts  
June 19, 2014

**GAY & LESBIAN ADVOCATES & DEFENDERS, INC.  
(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**STATEMENTS OF FINANCIAL POSITION  
MARCH 31, 2014 AND 2013**

<u>ASSETS</u>	<u>2014</u>			<u>2013</u>		
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>CURRENT ASSETS:</b>						
Cash and cash equivalents	\$ 499,181	\$ 211,112	\$ 710,293	\$ 628,974	\$ 436,729	\$ 1,065,703
Restricted cash - fiscal agent	126,274	-	126,274	-	-	-
Accounts receivable	12,124	-	12,124	12,479	-	12,479
Current portion of pledges receivable	-	199,250	199,250	-	208,500	208,500
Short-term investments	670,000	-	670,000	356,580	-	356,580
Prepaid expenses and other	58,837	-	58,837	56,072	-	56,072
Total current assets	1,366,416	410,362	1,776,778	1,054,105	645,229	1,699,334
<b>INVESTMENTS</b>	862,084	-	862,084	1,113,071	-	1,113,071
<b>PLEDGES RECEIVABLE</b> , net of current portion, discount and allowance	-	52,965	52,965	-	38,856	38,856
<b>PROPERTY AND EQUIPMENT</b> , net	52,410	-	52,410	51,079	-	51,079
Total assets	<u>\$ 2,280,910</u>	<u>\$ 463,327</u>	<u>\$ 2,744,237</u>	<u>\$ 2,218,255</u>	<u>\$ 684,085</u>	<u>\$ 2,902,340</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>						
<b>CURRENT LIABILITIES:</b>						
Accounts payable and accrued expenses	\$ 346,994	\$ -	\$ 346,994	\$ 294,062	\$ -	\$ 294,062
Fiscal agent payable	126,274	-	126,274	-	-	-
Total current liabilities	473,268	-	473,268	294,062	-	294,062
<b>DEFERRED RENT</b>	134,850	-	134,850	146,298	-	146,298
Total liabilities	608,118	-	608,118	440,360	-	440,360
<b>NET ASSETS:</b>						
Unrestricted:						
Operating	857,970	-	857,970	859,301	-	859,301
Board designated	762,412	-	762,412	867,515	-	867,515
Property and equipment	52,410	-	52,410	51,079	-	51,079
Total unrestricted	1,672,792	-	1,672,792	1,777,895	-	1,777,895
Temporarily restricted	-	463,327	463,327	-	684,085	684,085
Total net assets	1,672,792	463,327	2,136,119	1,777,895	684,085	2,461,980
Total liabilities and net assets	<u>\$ 2,280,910</u>	<u>\$ 463,327</u>	<u>\$ 2,744,237</u>	<u>\$ 2,218,255</u>	<u>\$ 684,085</u>	<u>\$ 2,902,340</u>

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

**GAY & LESBIAN ADVOCATES & DEFENDERS, INC.**  
**(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2014**  
(With Summarized Comparative Totals for the Year Ended March 31, 2013)

	2014					2013
	UNRESTRICTED			TEMPORARILY RESTRICTED	TOTAL	TOTAL
	OPERATING	BOARD DESIGNATED	TOTAL UNRESTRICTED			
<b>SUPPORT AND OTHER OPERATING REVENUES:</b>						
Support:						
Special events:						
Event contributions and support	\$ 905,546	\$ -	\$ 905,546	\$ -	\$ 905,546	\$ 825,771
Less - direct expenses	146,847	-	146,847	-	146,847	126,725
Net special events revenue	758,699	-	758,699	-	758,699	699,046
Individual contributions	1,667,388	-	1,667,388	229,401	1,896,789	2,355,334
Donated services	649,524	-	649,524	-	649,524	913,579
Grants	6,150	-	6,150	511,500	517,650	1,354,004
Net assets released from restrictions:						
Satisfaction of purpose restrictions	655,938	-	655,938	(655,938)	-	-
Satisfaction of time restrictions	305,721	-	305,721	(305,721)	-	-
Total support	4,043,420	-	4,043,420	(220,758)	3,822,662	5,321,963
Contract service revenue	66,257	-	66,257	-	66,257	66,257
Spending policy transfer	32,584	-	32,584	-	32,584	31,849
Speaker fees and other income	15,880	-	15,880	-	15,880	11,101
Interest and dividend income, net	8,077	-	8,077	-	8,077	8,822
Total support and other operating revenues	4,166,218	-	4,166,218	(220,758)	3,945,460	5,439,992
<b>OPERATING EXPENSES:</b>						
Program services:						
Civil Rights	1,795,724	-	1,795,724	-	1,795,724	2,060,134
Public Affairs and Education	619,849	54,421	674,270	-	674,270	1,412,666
Transgender Rights Project	570,129	-	570,129	-	570,129	548,589
AIDS Law Project	278,098	-	278,098	-	278,098	229,540
Total program services	3,263,800	54,421	3,318,221	-	3,318,221	4,250,929
Support services:						
Fundraising	598,040	-	598,040	-	598,040	659,293
General and administrative	375,623	-	375,623	-	375,623	431,735
Total support services	973,663	-	973,663	-	973,663	1,091,028
Total operating expenses	4,237,463	54,421	4,291,884	-	4,291,884	5,341,957
Changes in net assets from operations	(71,245)	(54,421)	(125,666)	(220,758)	(346,424)	98,035
<b>OTHER REVENUES (EXPENSES):</b>						
Net realized and unrealized gains (losses) on investments	(3,675)	32,442	28,767	-	28,767	47,964
Interest and dividend income	-	24,380	24,380	-	24,380	14,301
Spending policy transfer	-	(32,584)	(32,584)	-	(32,584)	(31,849)
Board transfer	74,920	(74,920)	-	-	-	-
Changes in net assets	-	(105,103)	(105,103)	(220,758)	(325,861)	128,451
<b>NET ASSETS, beginning of year</b>	910,380	867,515	1,777,895	684,085	2,461,980	2,333,529
<b>NET ASSETS, end of year</b>	<u>\$ 910,380</u>	<u>\$ 762,412</u>	<u>\$ 1,672,792</u>	<u>\$ 463,327</u>	<u>\$ 2,136,119</u>	<u>\$ 2,461,980</u>

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

**GAY & LESBIAN ADVOCATES AND DEFENDERS, INC.**  
**(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2013**

	<b>UNRESTRICTED</b>				
	<b>OPERATING</b>	<b>BOARD DESIGNATED</b>	<b>TOTAL UNRESTRICTED</b>	<b>TEMPORARILY RESTRICTED</b>	<b>TOTAL</b>
<b>SUPPORT AND OTHER OPERATING REVENUES:</b>					
Support:					
Special events:					
Event contributions and support	\$ 825,771	\$ -	\$ 825,771	\$ -	\$ 825,771
Less - direct expenses	<u>126,725</u>	<u>-</u>	<u>126,725</u>	<u>-</u>	<u>126,725</u>
Net special events revenue	699,046	-	699,046	-	699,046
Individual contributions	1,857,093	-	1,857,093	498,241	2,355,334
Donated services	913,579	-	913,579	-	913,579
Grants	78,002	-	78,002	1,276,002	1,354,004
Net assets released from restrictions:					
Satisfaction of purpose restrictions	1,766,649	-	1,766,649	(1,766,649)	-
Satisfaction of time restrictions	<u>183,777</u>	<u>-</u>	<u>183,777</u>	<u>(183,777)</u>	<u>-</u>
Total support	5,498,146	-	5,498,146	(176,183)	5,321,963
Contract service revenue	66,257	-	66,257	-	66,257
Spending policy transfer	31,849	-	31,849	-	31,849
Speaker fees and other income	11,101	-	11,101	-	11,101
Interest and dividend income, net	<u>8,822</u>	<u>-</u>	<u>8,822</u>	<u>-</u>	<u>8,822</u>
Total support and other operating revenues	<u>5,616,175</u>	<u>-</u>	<u>5,616,175</u>	<u>(176,183)</u>	<u>5,439,992</u>
<b>OPERATING EXPENSES:</b>					
Program services:					
Civil Rights	2,060,134	-	2,060,134	-	2,060,134
Public Affairs and Education	1,412,666	-	1,412,666	-	1,412,666
Transgender Rights Project	548,589	-	548,589	-	548,589
AIDS Law Project	<u>229,540</u>	<u>-</u>	<u>229,540</u>	<u>-</u>	<u>229,540</u>
Total program services	4,250,929	-	4,250,929	-	4,250,929
Support services:					
Fundraising	659,293	-	659,293	-	659,293
General and administrative	<u>431,735</u>	<u>-</u>	<u>431,735</u>	<u>-</u>	<u>431,735</u>
Total support services	1,091,028	-	1,091,028	-	1,091,028
Total operating expenses	<u>5,341,957</u>	<u>-</u>	<u>5,341,957</u>	<u>-</u>	<u>5,341,957</u>
Changes in net assets from operations	274,218	-	274,218	(176,183)	98,035
<b>OTHER REVENUES (EXPENSES):</b>					
Net realized and unrealized gains on investments	9,127	38,837	47,964	-	47,964
Interest and dividend income	-	14,301	14,301	-	14,301
Spending policy transfer	-	(31,849)	(31,849)	-	(31,849)
Board transfer	<u>(240,000)</u>	<u>240,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	43,345	261,289	304,634	(176,183)	128,451
<b>NET ASSETS, beginning of year</b>	<u>867,035</u>	<u>606,226</u>	<u>1,473,261</u>	<u>860,268</u>	<u>2,333,529</u>
<b>NET ASSETS, end of year</b>	<u><u>\$ 910,380</u></u>	<u><u>\$ 867,515</u></u>	<u><u>\$ 1,777,895</u></u>	<u><u>\$ 684,085</u></u>	<u><u>\$ 2,461,980</u></u>

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

**GAY & LESBIAN ADVOCATES & DEFENDERS, INC.  
(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets from operations	\$ (346,424)	\$ 98,035
Adjustments to reconcile changes in net assets from operations to net cash provided by (used in) operating activities:		
Depreciation	15,850	14,276
Change in discount on pledges receivable	412	875
Donated stock	(127,630)	(132,706)
Spending policy transfer	(32,584)	(31,849)
Deferred rent	(11,448)	(2,353)
Changes in operating assets and liabilities:		
Accounts receivable	355	17
Pledges receivable	(5,271)	123,460
Prepaid expenses and other	(2,765)	(27,481)
Accounts payable and accrued expenses	45,801	(39,477)
	<u>(463,704)</u>	<u>2,797</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(333,001)	(444,777)
Interest and dividend income	24,380	14,301
Proceeds from sales of investments	426,965	150,564
Acquisition of property and equipment	(10,050)	(1,286)
	<u>108,294</u>	<u>(281,198)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(355,410)</b>	<b>(278,401)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>1,065,703</b>	<b>1,344,104</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b><u>\$ 710,293</u></b>	<b><u>\$ 1,065,703</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:</b>		
Donated stock	<u>\$ 127,630</u>	<u>\$ 132,706</u>
Unrealized gain on investments	<u>\$ 77,895</u>	<u>\$ 50,626</u>
Property and equipment additions included in accounts payable	<u>\$ 7,131</u>	<u>\$ -</u>

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

**GAY & LESBIAN ADVOCATES & DEFENDERS, INC.  
(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2014**

(With Summarized Comparative Totals for the Year Ended March 31, 2013)

	2014					2013				
	PROGRAM SERVICES				SUPPORT SERVICES				TOTAL	
	CIVIL RIGHTS	PUBLIC AFFAIRS AND EDUCATION	TRANSGENDER RIGHTS PROJECT	AIDS LAW PROJECT	TOTAL PROGRAM SERVICES	FUND- RAISING	GENERAL AND ADMINIS- TRATIVE	TOTAL SUPPORT SERVICES	TOTAL	TOTAL
<b>PERSONNEL AND RELATED:</b>										
Salaries	\$ 712,185	\$ 387,943	\$ 365,653	\$ 167,710	\$ 1,633,491	\$ 341,390	\$ 240,299	\$ 581,689	\$ 2,215,180	\$ 2,304,292
Fringe benefits	82,533	44,958	42,374	19,435	189,300	39,563	27,847	67,410	256,710	258,443
Payroll taxes	57,876	31,526	29,715	13,629	132,746	27,743	19,528	47,271	180,017	195,645
Total personnel and related	<u>852,594</u>	<u>464,427</u>	<u>437,742</u>	<u>200,774</u>	<u>1,955,537</u>	<u>408,696</u>	<u>287,674</u>	<u>696,370</u>	<u>2,651,907</u>	<u>2,758,380</u>
<b>PROFESSIONAL FEES AND SERVICES:</b>										
Donated legal services	644,157	-	5,367	-	649,524	-	-	-	649,524	913,579
Other professional fees	16,997	68,847	9,092	24,576	119,512	28,031	4,990	33,021	152,533	745,410
Audit and legal	-	-	-	-	-	-	22,072	22,072	22,072	24,380
Total professional fees and services	<u>661,154</u>	<u>68,847</u>	<u>14,459</u>	<u>24,576</u>	<u>769,036</u>	<u>28,031</u>	<u>27,062</u>	<u>55,093</u>	<u>824,129</u>	<u>1,683,369</u>
<b>OCCUPANCY:</b>										
Rent	111,944	60,978	61,090	26,361	260,373	53,661	37,771	91,432	351,805	332,749
Depreciation	5,096	2,776	2,616	1,200	11,688	2,443	1,719	4,162	15,850	14,276
Utilities	4,021	2,190	2,064	947	9,222	1,927	1,357	3,284	12,506	12,506
Equipment leases	3,888	2,118	1,996	916	8,918	1,864	1,312	3,176	12,094	10,516
Computer supplies, software and other	3,540	1,929	1,818	834	8,121	1,697	1,195	2,892	11,013	19,795
Repairs and maintenance	1,935	1,054	994	456	4,439	928	653	1,581	6,020	7,314
Total occupancy	<u>130,424</u>	<u>71,045</u>	<u>70,578</u>	<u>30,714</u>	<u>302,761</u>	<u>62,520</u>	<u>44,007</u>	<u>106,527</u>	<u>409,288</u>	<u>397,156</u>
<b>OTHER:</b>										
Travel and conferences	26,726	4,700	12,327	2,959	46,712	15,604	2,681	18,285	64,997	74,740
Printing and publications	6,110	23,022	5,125	3,717	37,974	25,657	346	26,003	63,977	93,960
Grants, donations and sponsorships	53,481	4,475	275	-	58,231	-	-	-	58,231	103,558
Bank charges and merchant fees	16,605	9,045	8,525	3,910	38,085	7,960	-	7,960	46,045	39,622
Postage	3,718	7,201	2,711	2,136	15,766	13,034	2,118	15,152	30,918	38,258
Telephone and internet	7,850	4,276	4,031	1,849	18,006	3,763	2,649	6,412	24,418	26,305
Communications and database	7,231	3,730	3,722	1,613	16,296	3,283	2,311	5,594	21,890	25,189
Dues, subscriptions and reference	11,662	411	3,810	2,612	18,495	340	239	579	19,074	18,680
Advertising and marketing	1,230	6,084	157	72	7,543	7,784	103	7,887	15,430	13,834
Insurance	5,748	1,349	2,951	1,353	11,401	1,707	835	2,542	13,943	12,929
Staff development	3,070	2,389	-	-	5,459	3,968	1,933	5,901	11,360	9,336
Event supplies	-	432	-	-	432	10,668	-	10,668	11,100	11,218
Office supplies and small equipment	3,164	1,723	1,624	745	7,256	1,516	1,067	2,583	9,839	15,648
Functions and meetings	1,195	1,045	757	347	3,344	3,449	1,427	4,876	8,220	10,573
Other litigation costs	3,637	-	1,271	692	5,600	-	1,129	1,129	6,729	7,918
Miscellaneous	125	69	64	29	287	60	42	102	389	1,284
Total other	<u>151,552</u>	<u>69,951</u>	<u>47,350</u>	<u>22,034</u>	<u>290,887</u>	<u>98,793</u>	<u>16,880</u>	<u>115,673</u>	<u>406,560</u>	<u>503,052</u>
Total expenses	<u>\$ 1,795,724</u>	<u>\$ 674,270</u>	<u>\$ 570,129</u>	<u>\$ 278,098</u>	<u>\$ 3,318,221</u>	<u>\$ 598,040</u>	<u>\$ 375,623</u>	<u>\$ 973,663</u>	<u>\$ 4,291,884</u>	<u>\$ 5,341,957</u>

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



**GAY & LESBIAN ADVOCATES & DEFENDERS, INC.  
(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2013**

	PROGRAM SERVICES					SUPPORT SERVICES			TOTAL
	CIVIL RIGHTS	PUBLIC AFFAIRS AND EDUCATION	TRANSGENDER RIGHTS PROJECT	AIDS LAW PROJECT	TOTAL PROGRAM SERVICES	FUND-RAISING	GENERAL AND ADMINISTRATIVE	TOTAL SUPPORT SERVICES	
<b>PERSONNEL AND RELATED:</b>									
Salaries	\$ 698,274	\$ 519,525	\$ 305,873	\$ 151,772	\$ 1,675,444	\$ 363,805	\$ 265,043	\$ 628,848	\$ 2,304,292
Fringe benefits	78,184	58,608	34,248	16,993	188,033	40,734	29,676	70,410	258,443
Payroll taxes	59,614	43,274	26,113	12,957	141,958	31,059	22,628	53,687	195,645
Total personnel and related	<u>836,072</u>	<u>621,407</u>	<u>366,234</u>	<u>181,722</u>	<u>2,005,435</u>	<u>435,598</u>	<u>317,347</u>	<u>752,945</u>	<u>2,758,380</u>
<b>PROFESSIONAL FEES AND SERVICES:</b>									
Donated legal services	874,379	-	39,200	-	913,579	-	-	-	913,579
Other professional fees	69,627	616,952	14,541	4,734	705,854	26,414	13,142	39,556	745,410
Audit and legal	-	-	-	-	-	-	24,380	24,380	24,380
Total professional fees and services	<u>944,006</u>	<u>616,952</u>	<u>53,741</u>	<u>4,734</u>	<u>1,619,433</u>	<u>26,414</u>	<u>37,522</u>	<u>63,936</u>	<u>1,683,369</u>
<b>OCCUPANCY:</b>									
Rent	103,525	64,373	49,118	22,501	239,517	53,937	39,295	93,232	332,749
Depreciation	4,478	2,831	1,961	973	10,243	2,333	1,700	4,033	14,276
Utilities	3,922	2,480	1,718	853	8,973	2,044	1,489	3,533	12,506
Equipment leases	3,298	2,085	1,445	717	7,545	1,719	1,252	2,971	10,516
Computer supplies, software and other	6,209	3,925	2,720	1,349	14,203	3,235	2,357	5,592	19,795
Repairs and maintenance	2,294	1,450	1,005	499	5,248	1,195	871	2,066	7,314
Total occupancy	<u>123,726</u>	<u>77,144</u>	<u>57,967</u>	<u>26,892</u>	<u>285,729</u>	<u>64,463</u>	<u>46,964</u>	<u>111,427</u>	<u>397,156</u>
<b>OTHER:</b>									
Travel and conferences	36,904	6,861	6,999	1,785	52,549	18,341	3,850	22,191	74,740
Printing and publications	4,654	19,540	7,559	194	31,947	61,674	339	62,013	93,960
Grants, donations and sponsorships	47,224	29,127	26,724	483	103,558	-	-	-	103,558
Bank charges and merchant fees	12,428	7,857	5,444	2,701	28,430	6,475	4,717	11,192	39,622
Postage	5,197	7,220	3,408	2,126	17,951	18,096	2,211	20,307	38,258
Telephone and internet	8,251	5,216	3,614	1,793	18,874	4,299	3,132	7,431	26,305
Communications and database	7,719	5,079	3,761	1,678	18,237	4,022	2,930	6,952	25,189
Dues, subscriptions and reference	10,754	241	4,711	2,338	18,044	176	460	636	18,680
Advertising and marketing	2,909	2,870	1,515	-	7,294	6,540	-	6,540	13,834
Insurance	5,601	1,356	2,454	1,217	10,628	1,487	814	2,301	12,929
Staff development	2,796	2,197	-	-	4,993	1,366	2,977	4,343	9,336
Event supplies	-	5,520	557	-	6,077	5,141	-	5,141	11,218
Office supplies and small equipment	4,908	3,103	2,150	1,067	11,228	2,557	1,863	4,420	15,648
Functions and meetings	1,747	721	332	165	2,965	2,434	5,174	7,608	10,573
Other litigation costs	4,835	-	1,242	557	6,634	-	1,284	1,284	7,918
Miscellaneous	403	255	177	88	923	210	151	361	1,284
Total other	<u>156,330</u>	<u>97,163</u>	<u>70,647</u>	<u>16,192</u>	<u>340,332</u>	<u>132,818</u>	<u>29,902</u>	<u>162,720</u>	<u>503,052</u>
Total expenses	<u>\$ 2,060,134</u>	<u>\$ 1,412,666</u>	<u>\$ 548,589</u>	<u>\$ 229,540</u>	<u>\$ 4,250,929</u>	<u>\$ 659,293</u>	<u>\$ 431,735</u>	<u>\$ 1,091,028</u>	<u>\$ 5,341,957</u>

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

**GAY & LESBIAN ADVOCATES & DEFENDERS, INC.  
(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013**

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

**OPERATIONS**

Through strategic litigation, public policy advocacy and education, Gay & Lesbian Advocates & Defenders, Inc. (GLAD), founded in 1978, 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. During March, 2014, GLAD legally changed their name from Park Square Advocates, Inc. d/b/a Gay & Lesbian Advocates & Defenders to Gay & Lesbian Advocates & Defenders, Inc.

GLAD has four major programs: the Civil Rights Project, the Transgender Rights Project, the AIDS Law Project, and Public Affairs and Education.

The **Civil Rights Project** (the CRP) focuses on ending discrimination based on sexual orientation. More specifically, the CRP has worked to bring marriage equality to all New England states, to end Federal discrimination against legally married same-sex couples, and to ensure that gay and lesbian families receive the respect and recognition all families receive, with a particular emphasis on parenting issues. The CRP has expanded its work on youth issues with its Youth Initiative. Through this initiative, GLAD is working on issues such as the harassment of lesbian, gay, bisexual and transgender (LGBT) youth in and out of the school setting, student's right to establish Gay/Straight Alliances and policy issues affecting young people. The CRP is also seeking to address issues facing LGBT elders and continuing to work on employment and other discrimination issues. The CRP accomplishes these goals through a combination of litigation, legislative lawyering and advocacy.

The **Transgender Rights Project** (the TRP) focuses on ending discrimination based on gender identity and expression. The TRP uses impact litigation to ensure that protection from discrimination based on gender identity and expression is respected and enforced. The TRP also: (1) works on the local, state and national levels to challenge and eliminate the wide variety of insurance exclusions that seriously inhibit health care access for transgender people; (2) works closely with administrative and regulatory offices to promote administrative regulations and/or guidance that assist transgender people in areas such as obtaining documents consistent with their gender and ensuring appropriate implementation of existing law; (3) works in coalition to pass transgender inclusive legislation on the state level; and (4) works on the Federal level to pass Federal legislation that will provide employment protections to LGBT people, as well as working on national policy issues that affect transgender people.

The **AIDS Law Project** (the ALP) focuses on ending discrimination based on HIV/AIDS status. In addition to working directly on litigation matters with affected clients, the ALP works for systemic changes in both the administrative and legislative arenas. For example, after recently litigating several cases involving insurer exclusions of coverage for lipodystrophy treatment, the ALP has drafted corrective legislation for Massachusetts and mobilized a coalition of groups to work for its enactment.

Through the CRP, the TRP and the ALP, GLAD's legal department focuses on a number of basic areas: marriage, transgender rights, family-related issues, HIV, youth, elders, religion, as well as other discrimination/equality issues. GLAD concentrates on impact litigation - using one case to establish or expand rights - and cases are strategically chosen because they are strong and winnable (or raise cutting-edge issues that must be addressed) and will move LGBT civil rights forward. In addition to litigating cases, GLAD is active in legislative lawyering - applying legal expertise in the law to educate in the legislative and political arena through writing bills, providing expert testimony and conducting research.

**GAY & LESBIAN ADVOCATES & DEFENDERS, INC.  
(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013  
(Continued)**

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

**OPERATIONS** (Continued)

**Public Affairs and Education** provides information and education to the general public, decision-makers, the news media, and individual consumers about the legal rights of gay, lesbian, bisexual, and transgender people, and people living with HIV and AIDS. The department works through a variety of media, events, publications, one-on-one phone conversations, podcasts, and videos disseminated on the Internet. In fiscal year 2014, the Public Affairs department had 90 events, including workshops on legal issues, public forums, and speaking engagements; and distributed 17,490 copies of publications on a variety of legal issues in both print and electronic format, as well as 20,000 copies of our newsletter. Our main website (glad.org) had 186,359 unique visitors and our new site (GLADAnswers.org) had 4,371 visitors in a seven month period. We have 13,877 Facebook fans and 20,000 Twitter followers, responded to 2,468 queries through GLAD Answers; and we produced six videos.

GLAD's public affairs and education department is devoted to building public awareness and the dissemination of critical legal information to empower people to exercise their legal rights. Focused on enlarging circles of support for LGBT rights, the department finds and tells the stories of LGBT people; builds organized communities of allies to prepare the ground for, and sustain, courtroom victories; and works closely with state partner organizations, providing strategy and communication consultation and support. The decrease in this program between 2013 and 2014 is due to the Maine marriage initiative that concluded during fiscal year 2013.

**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 established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification.

Estimates

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

Revenue Recognition

Unrestricted grants and contributions are recorded when unconditionally pledged or received. Revenue from special events is recognized in the period in which the event occurs. Contract service revenue is recorded over the contract period as services are provided. All other revenue is recognized when earned.

**GAY & LESBIAN ADVOCATES & DEFENDERS, INC.  
(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013  
(Continued)**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition (Continued)

GLAD reports gifts of cash and other assets as temporarily restricted grants and contributions, 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

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 program are distributed to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each program.

Donated Services

During fiscal years March 31, 2014 and 2013, GLAD received donated legal services of \$649,524 and \$913,579, respectively. The fair value of these services, as determined by the donors, is reflected as donated services in the accompanying statements of activities and changes in net assets and functional expenses.

Grants and Donations

Grant awards and donations are recorded when approved.

Advertising Costs

GLAD expenses advertising costs as they are incurred. Advertising costs were \$5,039 and \$5,444 for fiscal years 2014 and 2013, respectively, and are included in advertising and marketing in the accompanying statements of functional expenses.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents consist of checking and money market accounts.

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).

**GAY & LESBIAN ADVOCATES & DEFENDERS, INC.  
(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013  
(Continued)**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investments

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).

The Board of Directors has established an investment spending policy related to the Board designated net assets (see Note 3). Under this policy, annual appropriations of the Board designated funds shall be an amount equal to five (5%) percent of the three-year average market value of the Board designated investments (see Note 4) ending on September 30<sup>th</sup> of the fiscal year, unless otherwise authorized by the Board of Directors. As a result, all investment income relating to the Board designated net assets is allocated to these net assets as non-operating income in the accompanying statements of activities and changes in net assets and released as appropriate.

During fiscal years 2014 and 2013, GLAD appropriated \$32,584 and \$31,849, respectively, of the Board designated funds for operations. These amounts are reflected as spending policy transfer in the accompanying statements of activities and changes in net assets for the years ended March 31, 2014 and 2013.

Donated Stock

Donated stock is recorded at fair market value on the date of the gift. During fiscal years 2014 and 2013, GLAD received stock donations valued at \$127,630 and \$132,706, respectively, which are included in individual contributions in the accompanying statements of activities and changes in net assets. These stocks were immediately sold upon receipt and the proceeds were invested in money market accounts.

Property, Equipment and Depreciation

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair market 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 and consist of the following as of March 31:

	<u>Estimated Useful Lives</u>	<u>2014</u>	<u>2013</u>
Office and computer equipment	3 - 10 years	\$189,727	\$172,546
Leasehold improvements	Life of the lease	<u>42,745</u>	<u>42,745</u>
		232,472	215,291
Less - accumulated depreciation		<u>180,062</u>	<u>164,212</u>
		<u>\$ 52,410</u>	<u>\$ 51,079</u>

**GAY & LESBIAN ADVOCATES & DEFENDERS, INC.  
(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013  
(Continued)**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fair Value Measurements

ASC Topic, Fair Value Measurements, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The standards establish a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value.

The three levels of the fair value hierarchy are as follows:

- Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. Instruments which are generally included in this category include equity and debt securities publicly traded on an exchange.
- Level 2 – Inputs other than quoted prices in active markets 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.

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 statement 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, 2014 and 2013. GLAD's informational returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years.

**GAY & LESBIAN ADVOCATES & DEFENDERS, INC.  
(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013  
(Continued)**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 costs, other professional fees, travel and conferences, and miscellaneous in the accompanying statements of functional expenses and consisted of the following for fiscal years:

	<u>2014</u>	<u>2013</u>
Professional fees	\$20,000	\$228,954
Other	3,883	22,558
Salaries	3,553	45,978
Fringe benefits and payroll taxes	1,421	15,167
Grants	-	25,000
	<u>\$28,857</u>	<u>\$337,657</u>

Subsequent Events

Subsequent events have been evaluated through June 19, 2014, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

**(2) PLEDGES RECEIVABLE**

Pledges are recorded when unconditionally committed. Pledges receivable at March 31, 2014 and 2013, consist of contributions committed to programs and general operating support. Pledges receivable are due as follows as of March, 31:

<u>Fiscal Year</u>	<u>2014</u>	<u>2013</u>
2014	\$ -	\$208,500
2015	199,250	48,500
2016	67,208	-
	<u>266,458</u>	<u>257,000</u>
Less - current portion	<u>199,250</u>	<u>208,500</u>
	67,208	48,500
Less - discount	<u>4,916</u>	<u>4,504</u>
	62,292	43,996
Less - allowance	<u>9,327</u>	<u>5,140</u>
Long-term pledges receivable, net	<u>\$ 52,965</u>	<u>\$ 38,856</u>

**GAY & LESBIAN ADVOCATES & DEFENDERS, INC.**  
**(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014 AND 2013**  
(Continued)

**(2) PLEDGES RECEIVABLE** (Continued)

The pledges have been discounted using a 1.5% interest rate. Three donors' balances represent approximately 59% of the total outstanding pledge balance at March 31, 2014. Four donors' balances represent approximately 93% of the total outstanding pledge balance at March 31, 2013.

**(3) NET ASSETS**

Unrestricted Net Assets

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by GLAD. GLAD has grouped its unrestricted net assets 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. The Board has approved a spending policy (see Note 1) to support operations. During June 2013, in addition to the spending policy transfer, the Board voted to transfer \$240,000 into this reserve for future operations effective as of March 31, 2013. The use of these funds requires the approval of the Board of Directors. During fiscal year 2014, the Board authorized \$54,421 in spending for approved initiatives as well as \$74,920 of budgeted operating support.

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

Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following as of March 31:

	<u>2014</u>	<u>2013</u>
Purpose restrictions	\$317,826	\$419,862
Time restrictions	<u>145,501</u>	<u>264,223</u>
Total temporarily restricted net assets	<u>\$463,327</u>	<u>\$684,085</u>



**GAY & LESBIAN ADVOCATES & DEFENDERS, INC.  
(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013  
(Continued)**

**(4) INVESTMENTS**

At March 31, 2014 and 2013, GLAD's investment portfolio consists of the following:

<u>2014</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Cash and cash equivalents	\$ 258,778	\$ 258,778	\$ -
Certificate of deposit	42,443	42,443	-
Equity mutual funds:			
Large capitalization	155,850	201,651	45,801
Other	102,855	106,256	3,401
Bond mutual funds:			
Short-term fixed income	513,990	515,966	1,976
Intermediate fixed income	85,987	82,995	(2,992)
Other	132,748	127,768	(4,980)
Stocks:			
Domestic equities	103,360	139,917	36,557
International equities	28,650	34,047	5,397
Other	<u>28,405</u>	<u>22,263</u>	<u>(6,142)</u>
	<u>\$1,453,066</u>	<u>\$1,532,084</u>	79,018
Unrealized appreciation at March 31, 2013			<u>1,123</u>
Total unrealized gain on investments			<u>\$ 77,895</u>

<u>2013</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Cash and cash equivalents	\$ 258,756	\$ 258,756	\$ -
Certificate of deposit	192,443	192,443	-
Equity mutual funds:			
Large capitalization	147,606	168,314	20,708
Other	142,093	93,171	(48,922)
Bond mutual funds:			
Short-term fixed income	308,258	312,451	4,193
Intermediate fixed income	133,258	133,995	737
Other	99,703	105,007	5,304
Stocks:			
Domestic equities	91,041	124,986	33,945
International equities	23,554	27,761	4,207
Other	<u>71,816</u>	<u>52,767</u>	<u>(19,049)</u>
	<u>\$1,468,528</u>	<u>\$1,469,651</u>	1,123
Unrealized depreciation at March 31, 2012			<u>(49,503)</u>
Total unrealized gain on investments			<u>\$ 50,626</u>

**GAY & LESBIAN ADVOCATES & DEFENDERS, INC.**  
**(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014 AND 2013**  
(Continued)

**(4) INVESTMENTS** (Continued)

Investments are not insured and are subject to ongoing market fluctuations. Realized losses for fiscal years 2014 and 2013 were \$49,128 and \$2,662, respectively.

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 Disclosure* standards (see page 12).

A certificate of deposit of \$42,443 at March 31, 2014 and 2013, is collateral for a letter of credit representing the security deposit on the lease of GLAD's office space (see Note 5). All interest earned on this certificate of deposit is available for GLAD's use in operations.

**(5) OPERATING LEASE AGREEMENTS**

GLAD leases office space in Boston, Massachusetts under a lease agreement that expires on March 31, 2018. The monthly rental payments under this lease are \$27,285 and escalate annually. As part of the agreement, GLAD received two months of free rent in 2008. GLAD recognizes 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, 2014 and 2013, was \$134,850 and \$146,298, respectively.

GLAD is also responsible for its proportionate share of operating costs and real estate taxes incurred by the landlord each year. GLAD holds a certificate of deposit that is the collateral for a letter of credit representing the security deposit on this lease (see Note 4).

GLAD rented office space in Easthampton, Massachusetts under a lease agreement that expired on May 31, 2012. In June, 2012, GLAD began renting this office space as a tenant-at-will. The monthly rental payments under this lease are \$315. During 2014, GLAD renewed the lease with monthly rental payments remaining at \$315 through March, 2016.

Future minimum lease payments under these agreements are as follows:

<b><u>Fiscal Year</u></b>	
2015	\$348,245
2016	\$357,438
2017	\$362,745
2018	\$371,840

Total rent expense was \$351,805 and \$332,749 for fiscal years 2014 and 2013, respectively. Included in rent expense was approximately \$8,000 of rental charges for additional storage space during fiscal years 2014 and 2013.

**GAY & LESBIAN ADVOCATES & DEFENDERS, INC.  
(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013  
(Continued)**

**(5) OPERATING LEASE AGREEMENTS (Continued)**

GLAD also leases certain equipment under three operating lease agreements expiring on various dates through January, 2016. Lease expense under these agreements was \$12,094 and \$10,516 for fiscal years 2014 and 2013, respectively, and is included in equipment leases in the accompanying statements of functional expenses. Future minimum lease payments under these agreements are as follows:

**Fiscal Year**

2015	\$14,957
2016	\$11,010

**(6) 401(K) PLAN**

GLAD maintains a qualified salary reduction 401(k) plan (the Plan). The Plan includes a guaranteed non-elective employer contribution of 3% of each eligible employee's annual salary. The Plan also includes a Safe Harbor non-elective provision in the Plan. Employees are eligible to participate in the Safe Harbor plan after completing six months of service and attaining the age of 18. During fiscal years 2014 and 2013, GLAD contributed \$65,050 and \$71,139, respectively, to the Plan, which is included in fringe benefits in the accompanying statements of functional expenses.

**(7) NOTE PAYABLE TO A BANK**

GLAD has entered into a revolving line of credit agreement with a bank for a maximum amount of \$300,000. Borrowings under the agreement are due on demand and interest is payable monthly at the bank's prime lending rate (3.25% at March 31, 2014 and 2013), plus 1%, with a floor of 5%. The line of credit is secured by GLAD's mutual fund investment account (see Note 4). The agreement contains certain covenants with which GLAD was in compliance at March 31, 2014 and 2013. As of March 31, 2014 and 2013, there were no outstanding balances under this agreement. The line of credit agreement expires on February 28, 2015.

**(8) CONDITIONAL GRANTS**

In fiscal year 2013, GLAD was awarded a conditional grant of \$100,000 by a private foundation for the Transgender Rights Project. The grant was conditional upon achieving certain benchmarks as defined in the agreement. At March 31, 2013, \$50,000 of this grant had not been recorded as the conditions were not yet met. GLAD recognized the remaining \$50,000 as revenue during fiscal year 2014. During 2012, GLAD was awarded two \$100,000 conditional grants by private funders, one of which was received in full during fiscal year 2013. The other is conditional upon achieving certain benchmarks as defined in the agreements. GLAD received \$25,000 on this commitment in fiscal year 2014. At March 31, 2014 and 2013, \$25,000 and \$50,000 of this grant, respectively, had not been recorded, as the conditions were not yet met.

**GAY & LESBIAN ADVOCATES & DEFENDERS, INC.  
(FORMERLY, PARK SQUARE ADVOCATES, INC.)**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013  
(Continued)**

**(9) RESTRICTED CASH – FISCAL AGENT**

During fiscal year 2014, the Executive Director of GLAD, who retired from GLAD subsequent to year end, became the project coordinator for the Visioning Project (the Project), which is an unrelated project, upon gaining Board approval. Under the Project agreement, GLAD will act as a fiscal agent for project-related funds. As of March 31, 2014, the cash balance in the Project fund was \$126,274, and is included in restricted cash – fiscal agent and fiscal agent payable in the accompanying statement of financial position.

**(10) CONCENTRATION OF CREDIT RISK**

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

**(11) RECLASSIFICATIONS**

Certain amounts in the fiscal year 2013 financial statements have been reclassified to conform with the fiscal year 2014 presentation.