Transgender Law Center

Financial Statements &

Independent Auditor's Report

for the Year Ended

December 31, 2021

COOK & COMPANY

A PROFESSIONAL ACCOUNTANCY CORPORATION

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Independent Auditor's Report

To the Board of Directors
Transgender Law Center
Oakland, California

Opinion

We have audited the financial statements of Transgender Law Center ("TLC" or "the Organization"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TLC as of December 31, 2021, the changes in its net assets, its functional expenses, 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 other 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.

Key Audit Matters

Key audit matters are those matters that were communicated with those charged with governance and, in our professional judgment, were of most significance in our audit of the financial statements of the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Recognition and Classification of Revenue and Support in the Financial Statements

We consider the recognition and classification of revenue and support, which is discussed in Note 2 of the accompanying financial statements, to be a key audit matter. Provisions of this area of accounting require the Organization to record contributions and revenues to the financial statements for the correct year. They also require categorizing revenue and support to the appropriate category based on its reciprocal or nonreciprocal nature as well as the absence or existence of donor restrictions and/or conditions. In addition, this area requires that the Organization reliably determine when performance obligations to customers are satisfied, when donor conditions are met, and when restricted amounts should be released from restriction.

This matter is considered a key audit matter because the recognition and classification of support and revenue has a pervasive effect on the Organization's financial statements, including its changes in net assets, total current assets, and composition amongst *net assets without donor restrictions* and *net assets with donor restrictions*. This area of accounting also requires the Organization to exercise significant judgment in its application of accounting standards, which have undergone changes in the past few years.

This matter was addressed in the current audit through the examination of documentary evidence that supports the recognition and classification of contributed support and contracts with customers. These procedures were instrumental in forming our opinion on the financial statements as a whole.

Allocation of Expenses to Functional Groupings in the Financial Statements

We consider the allocation of natural expense categories amongst functional groupings (i.e., *program services, management & general,* and *fundraising*) to be a key audit matter. This is discussed in Note 2 of the financial statements.

This matter is considered a key audit matter because certain charity rating services and some institutional funding sources have been known to evaluate nonprofit organizations according to the overall proportion of expenses allocated to program services. Furthermore, because the expense allocations are based on year-end time-and-effort estimates rather than factual data (e.g., timesheets), they require the Organization's personnel to exercise significant judgment.

This matter was addressed during the current audit through analysis of the design and execution of the Organization's cost allocation methodology. We assessed the methodology's consistency with GAAP, reviewed the underlying employee time-and-effort estimates for reasonableness and consistency with job titles, and verified through reperformance certain allocation calculations as part of forming our opinion on the financial statements as a whole.

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 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, 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, and have communicated, 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.

Report on Summarized Comparative Information

We have previously audited TLC’s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cook & Company

A Professional Accountancy Corporation
San Francisco, California
August 29, 2022

Transgender Law Center

Statement of Financial Position
December 31, 2021
with Comparative Totals for December 31, 2020

ASSETS	12/31/21	12/31/20 (Note 2)
Current Assets:		
Cash & equivalents	$ 20,323,755	$ 12,546,128
Investments (Note 3)	1,185,848	1,199,264
Contributions receivable, due within one year	4,137,774	3,290,050
Other receivables	2,037	1,871
Total current financial assets	25,649,414	17,037,313
Prepaid expenses & other current assets	88,747	80,758
Total current assets	25,738,161	17,118,071
Contributions receivable, due in one to two years	-	1,662,631
Deposits	144,315	90,339
Property & equipment, net (Note 4)	57,484	68,739
TOTAL ASSETS	$ 25,939,960	$ 18,939,780
LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts payable & accrued expenses	$ 267,800	$ 143,385
Grants payable	103,527	115,821
Accrued vacation pay	279,109	171,696
Accrued sabbatical leave - current (Note 2)	125,790	74,712
Deferred rent - current	-	23,206
Total current liabilities	776,226	528,820
Forgivable government loan (Note 2)	-	453,465
Subtenant deposits	-	26,013
Accrued sabbatical leave - long-term (Note 2)	149,621	115,745
TOTAL LIABILITIES	925,847	1,124,043
Net Assets		
Without donor restrictions	9,105,436	6,984,237
With donor restrictions (Note 5)	15,908,677	10,831,500
TOTAL NET ASSETS	25,014,113	17,815,737
TOTAL LIABILITIES & NET ASSETS	$ 25,939,960	$ 18,939,780

See accompanying notes to financial statements
and independent auditor's report.

Transgender Law Center

Statement of Activities and Changes in Net Assets
for the Year Ended December 31, 2021
with Comparative Totals for the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total (Note 2)
Support & Revenue:				
Foundation grants	$ 78,016	$ 10,971,700	$ 11,049,716	$ 14,257,350
Net assets released from restriction:				
Satisfaction of donor restrictions	6,125,247	(6,125,247)	-	-
Individual donations	1,722,856	93,810	1,816,666	2,254,297
Corporate contributions	833,130	135,039	968,169	2,161,099
Contributed legal services (Note 6)	1,079,864	-	1,079,864	2,112,915
Special events - contributions	253,452	-	253,452	125,883
Less: Direct event expenses	(19,890)	-	(19,890)	(7,417)
Forgiveness of debt	453,465	-	453,465	-
Dividends & interest	16,704	-	16,704	47,718
Realized & unrealized gains/(losses) on investments	(28,846)	-	(28,846)	29,295
Other revenue	39,516	1,875	41,391	62,933
Total support & revenue	10,553,514	5,077,177	15,630,691	21,044,073
Expenses:				
Program services	6,245,852	-	6,245,852	6,147,312
Management & general	1,201,242	-	1,201,242	689,685
Fundraising	985,221	-	985,221	866,922
Total expenses	8,432,315	-	8,432,315	7,703,919
CHANGE IN NET ASSETS	2,121,199	5,077,177	7,198,376	13,340,154
NET ASSETS, January 1	6,984,237	10,831,500	17,815,737	4,475,583
NET ASSETS, December 31	$9,105,436	$ 15,908,677	$ 25,014,113	$ 17,815,737

See accompanying notes to financial statements
and independent auditor's report.

Transgender Law Center

Statement of Functional Expenses
for the Year Ended December 31, 2021
with Comparative Totals for the Year Ended December 31, 2020

	Program Services	Management & General	Fundraising	2021 Total	2020 Total (Note 2)
Salaries	$2,499,831	$ 724,947	$ 490,534	$ 3,715,312	$ 2,634,697
Employee benefits	333,814	96,483	65,046	495,343	296,626
Payroll taxes	191,139	55,246	37,245	283,630	205,161
Subtotal	3,024,784	876,676	592,825	4,494,285	3,136,484
Grants to nonprofit organizations	459,327	-	-	459,327	121,599
Legal fees	49,750	4,011	1,651	55,412	70,240
Accounting fees	-	48,553	-	48,553	52,949
Contributed legal services	1,079,864	-	-	1,079,864	2,112,915
Advertising, public relations & promotion (Note 2)	204,167	-	154,108	358,275	275,355
Other consultants & professional fees	593,805	8,900	25,135	627,840	559,306
Office expenses	106,958	29,063	23,149	159,170	164,361
Information technology	87,736	120,474	21,081	229,291	187,397
Occupancy	220,399	72,583	56,626	349,608	397,902
Travel	94,946	(115)	371	95,202	173,557
Conferences & training	6,052	-	129	6,181	3,835
Meetings	52,373	810	656	53,839	21,169
Depreciation	29,593	9,967	7,776	47,336	40,754
Insurance	21,620	7,282	5,681	34,583	30,354
Professional development	9,369	2,902	2,567	14,838	26,019
Staff & volunteer appreciation	1,110	61	166	1,337	5,945
Direct expenses of fundraising events	-	-	19,890	19,890	7,417
Other event production costs	18	6	29,001	29,025	47,722
Client travel and related assistance	160,828	-	-	160,828	104,396
Bank fees	1,541	16,476	41,899	59,916	56,439
Bad debt expense	-	-	16,500	16,500	27,000
Dues & subscriptions	7,226	456	24	7,706	12,595
Miscellaneous expense	34,386	3,137	5,876	43,399	75,626
Total expenses by function	6,245,852	1,201,242	1,005,111	8,452,205	7,711,336
Less expenses included with revenue on the statement of activities					
Direct expenses of fundraising events	-	-	(19,890)	(19,890)	(7,417)
Total expenses included in the expense section on the statement of activities	$6,245,852	$ 1,201,242	$ 985,221	$ 8,432,315	$ 7,703,919

See accompanying notes to financial statements
and independent auditor's report.

Transgender Law Center

Statement of Cash Flows
for the Year Ended December 31, 2021
with Comparative Totals for the Year Ended December 31, 2020

	2021	2020 (Note 2)
Cash flows from operating activities:		
Change in net assets	$ 7,198,376	$13,340,154
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	47,336	40,754
Realized & unrealized gains on investments	28,846	(29,295)
Forgiveness of debt	(453,465)	-
Changes in assets and liabilities:		
(Increase) decrease in contributions receivable	814,741	(3,661,862)
(Increase) decrease in other assets	(61,965)	(10,999)
Increase (decrease) in accounts & grants payable	112,121	29,192
Increase (decrease) in subtenant deposit	(26,013)	-
Increase (decrease) in accrued vacation	107,413	45,060
Increase (decrease) in accrued sabbatical leave	84,954	39,931
Increase (decrease) in deferred rent	(23,206)	(28,213)
Cash provided (used) by operating activities:	7,829,138	9,764,722
Cash flows from investing activities:		
Purchases of property & equipment	(36,080)	(22,494)
Purchases of marketable securities	(15,431)	(37,537)
Cash provided (used) by investing activities:	(51,511)	(60,031)
Cash flows from financing activities :		
Proceeds from forgivable government loan	-	453,465
Cash provided (used) by financing activities:	-	453,465
Cash provided (used) during year	7,777,627	10,158,156
Cash & equivalents:		
Beginning of year, January 1	12,546,128	2,387,972
End of year, December 31	$ 20,323,755	$12,546,128

See accompanying notes to financial statements
and independent auditor's report.

Transgender Law Center

Notes to the Financial Statements
for the Year Ended December 31, 2021

1. The Organization

Transgender Law Center (TLC or the Organization) changes law, policy and attitudes so that all people can live safely, authentically, and free from discrimination regardless of their gender identity or expression.

TLC is the largest national trans-led organization advocating for a world in which all people are free to define themselves and their futures. Grounded in legal expertise and committed to racial justice, TLC employs a variety of community-driven strategies to keep transgender and gender nonconforming people alive, thriving, and fighting for liberation. The Organization is a nonprofit public benefit corporation exempt from income taxes under Internal Revenue Code Section 501(c)(3).

Founded in 2002, Transgender Law Center (TLC) has grown into the largest trans-specific, trans-led organization in the United States. Our advocacy and precedent-setting litigation victories—in areas including employment, prison conditions, education, immigration, and healthcare—protect and advance the rights of transgender and gender nonconforming people across the country. Through our organizing and movement-building programs, TLC assists, informs, and empowers thousands of individual community members a year and builds towards a long-term, national, trans-led movement for liberation.

Kris Hayashi, the current executive director, joined TLC in 2013 as deputy director and assumed leadership of the organization in 2015, becoming the first trans person of color to lead an organization of TLC's size and scope. Over the last six years, TLC's Legal Program has won precedent-setting legal victories through cases like that of Ash Whitaker and Shiloh Quine. The Policy & Organizing Program has released the Trans Agenda for Liberation, a multi-pillar community-led agenda borne out of years of national organizing and trans leadership development. The Organization has developed and incubated groundbreaking programs including Black Trans Circles, Positively Trans, the Black LGBTQIA+ Migrant Project, the Disability Project, and Gender Justice Leadership Project/TRUTH. During this period, TLC has more than doubled in size and made an explicit commitment and shift towards centering racial justice in trans liberation work.

Nature of Funding
TLC receives the majority of its funding through grants from foundations. Additional funding is received from contributed legal services, individual donations, legal settlements, corporate contributions, and special events.

2. Summary of Significant Accounting Policies

Basis of Accounting
The accompanying financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, support is recognized when it is awarded, revenue is recognized when it is earned, and expenses are recognized when they are incurred.

Cash & Cash Equivalents
Cash & cash equivalents include funds held in bank checking accounts, money market funds held with an investment brokerage, and undeposited checks.

Investments
Investments, consisting of mutual funds held with a brokerage firm, are carried on the books at fair value as discussed in Note 3. All of the Organization's investments are traded in an active market on a national exchange. Accordingly, the prices quoted by the exchange determine fair value.

Contributions Receivable
Contributions receivable are reported based on written promises received from foundations and other nonprofit organizations. As management believes that all amounts are fully collectible, no allowance for uncollectible accounts has been established. Amounts due within one year are stated at face value, while amounts due in one to two years are discounted to present value only in cases where such discounts are material to the financial statements. Currently, there are no discounts reflected in the accompanying financial statements.

Property & Equipment
The Organization capitalizes fixed assets, consisting primarily of office and computer equipment, with an initial cost, or fair market value if donated, of at least $1,000, and depreciates them on a straight-line basis over their estimated useful lives (3 to 5 years for assets currently on the books).

Accrued Sabbatical Leave
Full-time employees are entitled to two months of paid sabbatical leave every five years. Sabbatical leave is not a vested benefit and is not payable to employees upon termination of employment. However, in accordance with generally accepted accounting principles, the cost of each employee's sabbatical leave is accrued in the financial statements over a five-year period.

Forgivable Government Loan
In connection with economic uncertainties resulting from the Coronavirus pandemic, the Organization applied for and received the forgivable loan from through the U.S. Small Business Administration's Paycheck Protection Program (PPP) during 2020. In accordance with ASC 470, the loan was presented as a liability on the statement of financial position. The loan was subsequently forgiven in August 2021 and recognized as revenue in the 2021 financial statements.

Net Assets
Net assets, revenues, expenses, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

> **Net assets without donor restrictions**, which includes resources not subject to, or no longer subject to, donor-imposed stipulations.
>
> **Net assets with donor restrictions**, which includes resources whose use is limited by donor-imposed time and/or purpose restrictions.

Recognition of Support and Revenue
In recognizing revenue and support in these financial statements, the Organization follows the provisions of ASC 958, *Not-for-Profit Entities*, and ASC 606, *Revenue from Contracts with Customers*. Amounts received are generally considered contributions recognizable under ASC 958 when the funding sources do not receive direct commensurate value in exchange for resources provided. Conversely, amounts received from a funding source to provide services directly to the resource provider are considered

contracts with customers recognizable under ASC 606. TLC does not typically engage in contracts with customers.

Contributions
The Organization recognizes contributions when it receives cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest.

Contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is limited by donor-imposed stipulations. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless they are encumbered by explicit donor stipulation or by law. Expirations of donor-restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time-period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met

Contributed Services
In order to accomplish its mission, TLC relies heavily on pro bono services provided by attorneys. These attorneys assist TLC with various civil rights court cases. In accordance with generally accepted accounting principles, the Organization records the estimated fair market value of these services in the *statement of activities and changes in net assets*. TLC solicits information from its volunteer attorneys in order to calculate and record the contributions. The majority of volunteer attorneys respond to these requests. Based on the responses, median composite valuation rates are developed for the various types of law firm respondents (using firm size and estimated contribution level to categorize each one) and applied to the total population of TLC's volunteer attorneys in order to determine the total estimated value of contributed services to record in the financial statements.

Due to the fact that certain assumptions must be made when calculating and recording estimates, it is at least reasonably possible that the actual value of services received differs from the amount recorded in the financial statements.

<u>Functional Expenses</u>
The Organization presents its expenses by natural category (e.g., salaries, office expenses, etc.) and by function. The three major functions included in the accompanying financial statements are *program services, management & general* and *fundraising*.

Program services include the direct conduct and direct supervision of specific program activities. *Fundraising* includes efforts to solicit monetary and nonmonetary contributions. *Management & general* includes general oversight, recordkeeping, regulatory compliance, governance, financial management, and all other activities that do not constitute the direct conduct or direct supervision of specific program services or fundraising activities.

The majority of employees work within one function and their salaries are charged accordingly. Those staff members who cross functions are allocated to those functions at year-end based on management's estimates of time and effort spent on each function, as follows:

Position	Functions Expensed
Database Manager	55% Program Services, 45% Fundraising
Dir. of Development	15% Program Services, 85% Fundraising
Dir. of Finance/Operations	5% Program Services, 90% Management &General, 5% Fundraising
Dir. & Assoc. of People/Org. Culture	5% Program Services, 95% Management & General
Executive Director	35% Program Services, 50% Management & General, 15% Fundraising
Sr. Manager of Data/Equity	55% Program Services, 45% Management & General
BLMP Co-Director	90% Program Services, 10% Management & General
BLMP Dir. Of Finance/Operations	10% Program Services, 85% Management & General, 5% Fundraising
BLMP Project Director	85% Program Services, 5% Management & General, 10% Fundraising

Shared costs, primarily consisting of occupancy and information technology expenses, are allocated based on overall compensation expense allocated to each function.

Other expenses are charged directly to the appropriate function based on specific identification.

Advertising, Public Relations & Promotion
TLC engages in extensive advertising, public relations and promotion activities to reach its donors, constituents, and the general public. This takes the form of media advertising, focus group research, and consultants. All advertising costs are expensed as incurred.

Fair Value of Financial Instruments
The carrying amounts of cash and cash equivalents, receivables, and accounts payable approximate fair value because of the short maturity of these instruments.

Income Taxes
As a public charity, the Organization is exempt from income taxes except on activities unrelated to its mission. The Organization's federal *Return of Organization Exempt from Income Tax* (Form 990) filings for the tax years ending in 2018 through 2021 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. The Organization's *California Exempt Organization Annual Information Return* (Form 199) filings for the tax years ending in 2017 through 2021 are subject to examination by the California Franchise Tax Board, generally for four years after they were filed.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recent Accounting Pronouncement
Accounting Standards Update No. 2014-09— *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09) was issued by the Financial Accounting Standards Board (FASB) in May 2014 and is effective for nonpublic entities in calendar years ending in 2020 and beyond. This update supersedes or replaces nearly all GAAP revenue recognition guidance for reciprocal transactions. These standards establish a new five-step contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The enactment of this pronouncement was reflected in the Organization's financial statements for the year ended December 31, 2020. However, the implementation of this pronouncement had no effect on the Organization's financial statements.

Comparative Data

The financial statement information for the year ended December 31, 2020, presented for comparative purposes, is not intended to be a complete financial statement presentation. For a complete presentation of 2020, please refer to the financial statements for that fiscal year. Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation.

3. Investments – Fair Value Measurements

The Organization has valued its investments in accordance with FASB ASC #820, which establishes a fair value framework in accordance with generally accepted accounting principles. ASC #820 clarifies the definition of fair value, taking the position that fair value is the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

There are three defined levels in the fair value hierarchy:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.
Level 2 – Prices or valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities
Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and are unobservable (i.e., supported by little or no market activity).

Fair value of assets measured on a recurring basis at December 31, 2021, consist of various categories of mutual funds held with an investment brokerage:

	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Vanguard Intermediate-Term Treasury Fund (VFIUX)	$407,475	$407,475		
Vanguard Short-Term Investment Grade Fund (VFSUX)	395,763	395,763		
Vanguard Short-Term Treasury Fund (VFIRX)	382,610	382,610		
Total	$1,185,848	$1,185,848		

4. Property & Equipment

Computers	$182,685
Office equipment	4,925
Leasehold improvements	18,454
Total cost	206,064
Less: accumulated depreciation	(148,580)
Property & equipment, net book value	$57,484

5. Net Assets with Donor Restrictions

As of December 31, 2021, unspent grants were restricted to the following activities:

Black LGBTQIA & Migrant project	$7,739,002
General support for future periods	4,528,893
Border project	747,441
Positively Trans program	744,989
Truth project	672,500
To improve health of TGNC Californians	425,000
To build leadership of LGBTQ people with disabilities	385,852
HIV anti-criminalization	190,000
National organizing	104,167
Legal fellowship	80,000
Black Trans Circle project	62,500
Colorado legal case	50,000
Leadership development	41,667
Trans Youth in Sports	37,500
Other projects & programs	99,166
Total	$15,908,677

6. Contributed Legal Services

Contributed legal services reported	$672,448
Estimate of additional contributed legal services	407,416
Total	$1,079,864

7. Operating Leases

During 2021, TLC rented offices in downtown Oakland under a five-year operating lease with an August 2021 expiration date. The lease agreement was amended to expire in January 2022. The agreement contained a staggered rent schedule and the total cost of the lease was straight-lined so that rent expense was spread evenly over the lease term. The effective cost of the lease was $19,483 per month, or $233,796 for the year ended December 31, 2021. The Organization also rented an office in Brooklyn, New York, for approximately $9,243 month under a month-to-month arrangement. Rent expense for the Brooklyn office totaled approximately $110,916 for the year ended December 31, 2021. The combined rent expense for both offices was approximately $344,712 for the year ended December 31, 2021.

In connection with the expiration of the Oakland office lease, TLC executed a lease on a new location in 2021 with occupancy to commence in February 2022. The lease provides for a six-month rent abatement, which shall be amortized over the course of the lease term. Following the abatement, the lease calls for an initial monthly payment of $23,280, which shall increase by approximately 3% each February.

As of December 31, 2021, the future minimum lease payments are as follows:

2022	$136,400
2023	287,042
2024	295,654
2025	304,523
2026	313,659
2027	161,142
Total future minimum lease payments	$1,498,420

8. Retirement Plan

TLC participates in an Internal Revenue Code Section 403(b) defined contribution retirement plan, which covers the Organization's employees upon employment. The Organization makes matching contributions of up to 3% of each employee's salary. In addition, the Organization may make additional contributions to employee accounts at the discretion of its board of directors. For the year ended December 31, 2021, the Organization contributed a total of $61,653 to the retirement accounts of its employees.

9. Contingencies, Risks & Uncertainties

COVID-19
As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact the Organization's ability to conduct program activities or raise contributions. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. As such, the financial impact of this situation cannot be reasonably estimated at this time.

Cash Deposits in Excess of Federal Limits
As of December 31, 2021, TLC held approximately $1.3 million in a single financial institution. The FDIC insures these deposits only up to $250,000.

Investment Risk
In addition, TLC holds marketable securities (including the investments discussed in Note 3 as well as approximately $19 million in money market funds classified as cash equivalents) that are subject to fluctuation in market value. Although this presents the risk of loss to the Organization, management believes that the investment portfolio is adequately diversified to mitigate this risk.

Funding Source Requirements
The Organization receives contributions and grants that are restricted for a specific program or purpose. If such restrictions are not met in accordance with the funding source agreement, there is the possibility that funds would have to be returned to the donor. It is management's opinion that all donor conditions have been met for grants and contributions that have either been recorded directly to *net assets without donor restrictions* or released from *net assets with donor restrictions*.

10. Liquidity and Availability

The Organization receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Financial assets available to meet cash needs for general expenditures within one year of the balance sheet date are as follows:

Total current financial assets from statement of financial position	$25,649,414
Less: Amounts included above which are subject to donor-imposed purpose restrictions	(11,379,784)*
Net current financial assets after donor-imposed purpose restrictions	$14,269,630

*Total current financial assets are not reduced by amounts included in *net assets with donor restrictions* which are time-restricted but not purpose-restricted since these amounts are considered available for general expenditures within one year of the balance sheet date.

11. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 29, 2022, the date the financial statements were available to be issued. As of this date, no additional subsequent events requiring disclosure or recognition were noted.