

Transgender Law Center

Financial Statements &
Independent Auditor's Report
for the Year Ended
December 31, 2024

COOK &
COMPANY

A PROFESSIONAL ACCOUNTANCY CORPORATION

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A PROFESSIONAL ACCOUNTANCY CORPORATION

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, 2024, 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, 2024, 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, 2024. 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.

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.

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Independent Auditor's Report
April 7, 2026
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Report on Summarized Comparative Information

We have previously audited TLC's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 5, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, 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
April 7, 2026

Transgender Law Center

Statement of Financial Position December 31, 2024 with Comparative Totals for December 31, 2023

ASSETS	12/31/24	12/31/23 (Note 2)
Current Assets:		
Cash & equivalents	\$ 15,628,629	\$ 22,994,448
Investments (Note 3)	15,655,176	11,562,154
Contributions receivable, due within one year (Note 4)	3,582,741	2,856,789
Due from bank (Note 5)	445,220	17,150
Total current financial assets	35,311,766	37,430,541
Prepaid expenses & other current assets	115,443	163,789
Total current assets	35,427,209	37,594,330
Contributions receivable, due in one to two years (Note 4)	1,092,773	1,539,633
Deposits	83,449	83,449
Right-of-use asset	690,424	932,089
Property & equipment, net (Note 6)	106,984	91,082
 TOTAL ASSETS	 <u>\$ 37,400,839</u>	 <u>\$ 40,240,583</u>
 LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts payable & accrued expenses	\$ 444,864	\$ 495,699
Due to program partner (Note 2)	475,447	498,964
Accrued vacation pay	530,860	418,079
Accrued sabbatical leave, current (Note 2)	309,212	216,385
Lease liability, current (Note 7)	280,832	501,413
Total current liabilities	2,041,215	2,130,540
Accrued sabbatical leave, long-term (Note 2)	370,610	269,879
Lease liability, long-term (Note 7)	510,474	791,919
 TOTAL LIABILITIES	 2,922,299	 3,192,338
 Net Assets		
Without donor restrictions	14,759,815	16,257,096
With donor restrictions (Note 8)	19,718,725	20,791,149
 TOTAL NET ASSETS	 34,478,540	 37,048,245
 TOTAL LIABILITIES & NET ASSETS	 <u>\$ 37,400,839</u>	 <u>\$ 40,240,583</u>

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, 2024 with Comparative Totals for the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total (Note 2)
Support & Revenue:				
Foundation grants	\$ 571,500	\$ 9,111,306	\$ 9,682,806	\$ 12,985,933
Net assets released from restriction:				
Satisfaction of donor restrictions	11,402,559	(11,402,559)	-	-
Individual donations	2,547,070	46,739	2,593,809	2,881,919
Corporate contributions	696,300	675,560	1,371,860	1,178,121
Contributed legal services (Note 2,9)	1,231,337	-	1,231,337	3,167,328
Special events - contributions	321,417	-	321,417	247,680
Special events - fair value portion	16,200	-	16,200	18,840
Less: Direct event expenses	(94,251)	-	(94,251)	(85,615)
Dividends & interest	730,338	499,664	1,230,002	1,246,527
Realized & unrealized gains/(losses) on investments	152,310	(3,134)	149,176	521,976
Investment fees	(101,569)	-	(101,569)	(68,332)
Other revenue	237,966	-	237,966	63,798
	<u>17,711,177</u>	<u>(1,072,424)</u>	<u>16,638,753</u>	<u>22,158,175</u>
Total support & revenue				
Expenses:				
Program services	14,571,884	-	14,571,884	12,891,153
Management & general	2,640,407	-	2,640,407	2,024,740
Fundraising	1,996,167	-	1,996,167	1,758,900
	<u>19,208,458</u>	<u>-</u>	<u>19,208,458</u>	<u>16,674,793</u>
Total expenses				
CHANGE IN NET ASSETS	(1,497,281)	(1,072,424)	(2,569,705)	5,483,382
NET ASSETS, January 1	16,257,096	20,791,149	37,048,245	31,564,863
	<u>16,257,096</u>	<u>20,791,149</u>	<u>37,048,245</u>	<u>31,564,863</u>
NET ASSETS, December 31	<u>\$14,759,815</u>	<u>\$ 19,718,725</u>	<u>\$ 34,478,540</u>	<u>\$ 37,048,245</u>

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

Transgender Law Center

Statement of Functional Expenses for the Year Ended December 31, 2024 with Comparative Totals for the Year Ended December 31, 2023

				2023	
	Program Services	Management & General	Fundraising	2024 Total	Total (Note 2)
Salaries	\$ 3,899,044	\$ 1,370,103	\$ 938,963	\$ 6,208,110	\$ 5,589,279
Employee benefits	944,920	332,518	244,627	1,522,065	1,030,479
Payroll taxes	284,123	100,018	74,805	458,946	431,855
Subtotal	5,128,087	1,802,639	1,258,395	8,189,121	7,051,613
Grants to nonprofit organizations	2,368,353	-	-	2,368,353	841,885
Stipends & fellowships	506,901	15	11	506,927	289,656
Accounting fees	-	45,477	-	45,477	45,886
Legal fees	263,737	115,376	1,426	380,539	212,355
Contributed legal services	1,231,337	-	-	1,231,337	3,164,128
Advertising, public relations & promotion	212,554	-	155,695	368,249	233,069
Legal program advisors	-	-	-	-	53,067
Disability project consultants	134,822	-	-	134,822	83,899
Border project consultants	183,841	-	-	183,841	281,247
BLMP program consultants	141,459	-	-	141,459	196,901
Other program consultants	269,341	900	673	270,914	391,270
Organizational consultants	296,448	97,095	72,618	466,161	272,862
Other consultants & professional fees	296,907	46,528	42,023	385,458	354,788
Office expenses	220,598	125,302	60,976	406,876	289,208
Information technology	292,283	82,278	85,257	459,818	373,534
Rent	268,956	91,512	68,443	428,911	465,117
Travel	1,850,968	79,775	74,395	2,005,138	1,099,383
Conferences & training	81,058	5,933	4,763	91,754	45,392
Meetings	323,397	60,823	22,793	407,013	203,527
Depreciation	35,660	12,553	9,389	57,602	43,919
Insurance	29,552	10,180	7,614	47,346	42,838
Professional development	13,504	12,004	2,191	27,699	40,882
Staff & volunteer appreciation	44,926	13,517	10,341	68,784	62,426
Direct expenses of fundraising events	-	-	94,251	94,251	85,615
Other event production costs	4,596	-	114,949	119,545	107,861
Client travel & related assistance	140,179	-	-	140,179	121,512
Investment management fees	-	101,569	-	101,569	68,332
Bank fees	2,312	35,907	75	38,294	90,731
Bad debt expense	-	400	-	400	14,294
Dues & subscriptions	27,173	263	197	27,633	29,581
Miscellaneous expense	202,935	1,930	3,943	208,808	171,962
Total expenses by function	14,571,884	2,741,976	2,090,418	19,404,278	16,828,740
Less expenses included with revenue on the statement of activities					
Investment management fees	-	(101,569)	-	(101,569)	(68,332)
Direct expenses of fundraising events	-	-	(94,251)	(94,251)	(85,615)
Total expenses included in the expense section on the statement of activities	\$ 14,571,884	\$ 2,640,407	\$ 1,996,167	\$ 19,208,458	\$ 16,674,793

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

Transgender Law Center

Statement of Cash Flows for the Year Ended December 31, 2024 with Comparative Totals for the Year Ended December 31, 2023

	2024	2023 (Note 2)
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ (2,569,705)	\$ 5,483,382
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	57,602	43,919
Loss on disposal of fixed assets	3,839	5,776
Realized & unrealized (gains)/losses on investments	(149,176)	(521,976)
Changes in assets and liabilities:		
Contributions receivable	(279,092)	(1,921,480)
Other receivable	-	107,962
Prepaid expenses and other assets	48,346	(98,446)
Due from bank	(428,070)	(17,150)
Operating lease assets & liabilities	(260,361)	226,379
Accounts payable, accrued expenses, and due to program partner	(74,352)	41,110
Accrued vacation	112,781	45,068
Accrued sabbatical leave	193,558	110,024
Cash provided (used) by operating activities:	(3,344,630)	3,504,568
<i>Cash flows from investing activities:</i>		
Purchases of property & equipment	(77,343)	(85,555)
Purchases of marketable securities	(3,943,846)	(9,936,909)
Cash provided (used) by investing activities:	(4,021,189)	(10,022,464)
Cash provided (used) during year	(7,365,819)	(6,517,896)
Cash & equivalents:		
Beginning of year, January 1	22,994,448	29,512,344
End of year, December 31	\$ 15,628,629	\$22,994,448
<u>Supplemental cash flow information related to leases:</u>		
Cash paid for amounts included in the measurement of lease liabilities :		
Operating cash flows from operating leases	\$ (533,301)	\$ (46,560)

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, 2024

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.

Nature of Funding

TLC receives the majority of its funding through foundation grants. 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

The Organization's investments, consisting of mutual funds held with a brokerage firm, are recorded at fair value as described in Note 3. Most of the investments are traded in an active market on a national exchange, and fair value is determined based on quoted market prices. The *statement of activities and changes in net assets* reflects the components of investment return, including dividends, interest, and realized and unrealized gains or losses.

Gains and losses on investments and other assets or liabilities are reported as changes in *net assets without donor restrictions* unless otherwise restricted by donor stipulation or law. The Organization has received restricted grants for its Black LGBTQIA Migrant Project and invested a portion of these funds in marketable securities. In accordance with the agreements with funding sources, investment earnings on

Transgender Law Center

Notes to the Financial Statements for the Year Ended December 31, 2024

these grants are subject to the same programmatic restrictions as the grants themselves and are therefore classified as *net assets with donor restrictions*.

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 using an annual interest rate of 3%.

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.

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).

Leases

Leases with an initial term of at least 12 months are capitalized as a right-of-use asset with a corresponding lease liability in accordance with FASB ASC 842. Currently, the Organization holds an operating lease for its Oakland office and this lease is reflected on the Organization's statement of financial position as an asset and a liability. Payments on this lease are staggered such that there was a rent abatement period at the beginning of the lease, while payments are larger in future years (including a lump sum payment in 2024). In accordance with ASC 842, however, rent expense has been straight-lined so that it is spread evenly over the lease term.

The Organization does not hold any "finance leases" as defined by ASC 842.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses represent obligations for goods and services received but not yet paid for. Accounts payable are recorded when invoices are received, while accrued expenses are recorded for liabilities that have been incurred but not yet invoiced as of the statement of financial position date. These amounts are generally expected to be settled within one year.

Due to Program Partner

The Organization has recorded a liability for amounts owed to another nonprofit organization under a jointly operated program for which TLC is the primary grant recipient. The program partner organization incurs programmatic and related costs on behalf of the project, and amounts are settled periodically based on actual expenses incurred.

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.

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Notes to the Financial Statements for the Year Ended December 31, 2024

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. 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 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* based on what the Organization would be required to pay in the event that services had not been contributed. 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 hourly 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 (i.e., those who responded to the Organization's request for contribution data and those who did not) in order to determine the total estimated value of contributed services to record in the financial statements. The composite rate used for the law firms that responded was approximately \$597 per hour contributed, while the composite rate used for the firms that did not respond was approximately \$593 per estimated hour contributed.

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.

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Notes to the Financial Statements for the Year Ended December 31, 2024

Functional Expenses

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 (i.e., development staff are charged to fundraising, program staff are charged to program services, etc.). Those staff members who cross functions are allocated to functions at year-end based on management's estimates of time and effort spent on each function, as follows:

<u>Position</u>	<u>Functions Expensed</u>
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
BLMP Co-Director 1	50% Management & General, 50% Fundraising
BLMP Co-Director 2	10% Program Services, 90% Management & General

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 the underlying nature of the expense.

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.

Client Assistance

Client assistance includes travel and related assistance provided to TLC's program participants.

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 2022 through 2024 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 2021 through 2024 are subject to examination by the California Franchise Tax Board, generally for four years after they were filed.

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Notes to the Financial Statements for the Year Ended December 31, 2024

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.

Comparative Data

The financial statement information for the year ended December 31, 2023, presented for comparative purposes, is not intended to be a complete financial statement presentation. For a complete presentation of 2023, please refer to the financial statements for that fiscal year. Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 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, 2024, consist of various categories of publicly-traded securities held with an investment brokerage:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U.S. Treasuries	\$4,824,482	\$4,824,482		
Domestic corporate bond funds	3,593,336	3,593,336		
Domestic corporate bonds	3,205,891		\$3,205,891	
Domestic stocks and stock funds	2,002,666	2,002,666		
Global corporate bond funds	1,008,784	1,008,784		
Global / international equities	484,025	484,025		
Other bond funds	388,340	388,340		
Other funds	<u>147,652</u>	<u>147,652</u>		
Total	\$15,665,176	\$12,449,285	\$3,205,891	

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Notes to the Financial Statements for the Year Ended December 31, 2024

4. Contributions Receivable

<i>Current</i>	
Due within one year	\$3,582,741
<i>Non-current</i>	
Due in one to three years	1,142,451
Less: present value discount (at 3%)	(49,678)
Subtotal – non-current	1,092,773
Total	\$4,675,514

5. Due from Bank – Fraudulent Transactions and Recovery

From late 2023 through mid-2025, the Organization's bank account was affected by a series of ACH withdrawals and other disbursements that were determined to be unauthorized. The Organization has pursued recovery of these amounts through its financial institution.

Unauthorized transactions totaled approximately \$17,150 in 2023 and \$428,070 during the year ended December 31, 2024. Additional unauthorized transactions totaling approximately \$1,939,575 occurred between January and September 2025, bringing the total identified unauthorized disbursements to approximately \$2,384,795.

Between March and September 2025, the Organization received reimbursements from its financial institution totaling approximately \$2,119,575. As of September 30, 2025, approximately \$265,220 remained outstanding. The Organization is working with its financial institution and cyber security insurance carrier to recover the remaining balance and believes that reimbursement will occur. The ultimate amount and timing of the remaining reimbursements, if any, is dependent on the results of these review processes.

As of December 31, 2024, the Organization recorded a receivable from its financial institution of \$445,220, representing amounts expected to be reimbursed related to unauthorized transactions occurring through that date.

6. Property & Equipment

Computers	\$188,348
Office equipment	<u>21,614</u>
Total cost	209,962
Less: accumulated depreciation	(102,978)
Property & equipment, net book value	\$106,984

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Notes to the Financial Statements for the Year Ended December 31, 2024

7. Lease Liabilities

TLC rents office facilities in downtown Oakland under a 65-month operating lease that expires in 2027. Monthly base rent in effect in 2024 was \$24,698, and this amount shall increase by 3% each April for the duration of the lease term. The straight-lined cost of this lease for the year ended December 31, 2024, was \$272,939. The remaining lease term is 32 months and the annual interest rate used to discount future lease payments is 3.34%.

As of December 31, 2024, the future minimum lease liabilities are as follows:

2025	\$303,041
2026	312,133
2027	213,545
Less: Unamortized discount (at 3.5%)	<u>(37,413)</u>
Total lease liabilities	\$791,306
Less amount presented as current	<u>(280,832)</u>
Total long-term lease liabilities	\$510,474

The Organization rents additional office space in other cities under various month-to-month arrangements. The combined rent expense for all offices was \$428,911 for the year ended December 31, 2024.

8. Net Assets with Donor Restrictions

As of December 31, 2024, unspent grants were restricted to the following activities:

Black LGBTQIA Migrant Project	\$13,032,234
General support for future periods	2,155,739
Narrative lab	1,916,667
Border project	1,072,638
<i>Positively Trans</i> program	325,000
<i>Southern Trans Coalition</i>	250,000
Organizational Development	157,500
Leadership trainings	150,000
<i>Heath Not Prisons</i>	145,927
<i>Gender Justice Leadership/Truth</i> project	102,649
National convening	100,000
Disability project	92,500
Legal fellowship	62,685
Trans health fund	61,186
Leadership development	54,000
Other projects & programs	<u>40,000</u>
Total	\$19,718,725

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Notes to the Financial Statements for the Year Ended December 31, 2024

9. Contributed Legal Services

Services reported (approx. 1,177 hours)	\$703,043
Additional services estimated (approx. 892 hours)	<u>528,294</u>
Total in-kind services recorded	\$1,231,337

See Note 2 for a description of the hourly rates used.

10. 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, 2024, the Organization contributed a total of \$134,120 to the retirement accounts of its employees.

11. Contingencies, Risks & Uncertainties

Cash Deposits in Excess of Federal Limits

As of December 31, 2024, TLC held approximately \$2.3 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 \$13 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*.

Legal Matters

From time to time, the Organization is involved in various claims and potential claims arising in the ordinary course of operations, including employment-related matters. Management, in consultation with legal counsel, believes that the resolution of these matters will not have a material adverse effect on the Organization's financial position or changes in net assets. Many such matters are subject to insurance coverage.

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Notes to the Financial Statements for the Year Ended December 31, 2024

12. 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	\$35,311,766
Less: Amounts included above which are subject to donor-imposed purpose restrictions	(16,470,212)*
Net current financial assets after donor-imposed purpose restrictions	\$18,841,554

*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.

13. Subsequent Events – Financial Statement Preparation

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 7, 2026, the date the financial statements were available to be issued. As of this date, no additional subsequent events requiring disclosure or recognition were noted.