Transgender Law Center

Financial Statements &

Independent Auditor's Report

for the Year Ended

December 31, 2020

COOK & COMPANY

A PROFESSIONAL ACCOUNTANCY CORPORATION

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COOK & COMPANY
A PROFESSIONAL ACCOUNTANCY CORPORATION

Independent Auditor's Report

To the Board of Directors
Transgender Law Center
Oakland, California

We have audited the accompanying financial statements of Transgender Law Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Transgender Law Center, as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the December 31, 2019, financial statements of Transgender Law Center and our report dated November 20, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, 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
December 13, 2021

Transgender Law Center

Statement of Financial Position
December 31, 2020
with Comparative Totals for December 31, 2019

ASSETS	12/31/20	12/31/19 (Note 2)
Current Assets:		
Cash & equivalents	$ 12,546,128	$ 2,387,972
Investments (Note 3)	1,199,264	1,132,431
Contributions receivable, due within one year	3,290,050	1,066,190
Other receivables	1,871	-
Total current financial assets	17,037,313	4,586,593
Prepaid expenses & other current assets	80,758	70,674
Total current assets	17,118,071	4,657,267
Contributions receivable, due in one and two years	1,662,631	226,500
Deposits	90,339	89,424
Property & equipment, net (Note 4)	68,739	87,000
TOTAL ASSETS	$ 18,939,780	$ 5,060,191
LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts payable & accrued expenses	$ 259,206	$ 230,014
Accrued vacation pay	171,696	126,636
Accrued sabbatical leave - current (Note 2)	74,712	56,754
Deferred rent - current	23,206	28,452
Total current liabilities	528,820	441,856
Forgivable government loan (Note 5)	453,465	-
Deferred rent - long-term	-	22,967
Subtenant deposits	26,013	26,013
Accrued sabbatical leave - long-term (Note 2)	115,745	93,772
TOTAL LIABILITIES	1,124,043	584,608
Net Assets		
Without donor restrictions	6,984,237	1,605,883
With donor restrictions (Note 6)	10,831,500	2,869,700
TOTAL NET ASSETS	17,815,737	4,475,583
TOTAL LIABILITIES & NET ASSETS	$ 18,939,780	$ 5,060,191

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, 2020
with Comparative Totals for the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total (Note 2)
Support & Revenue:				
Foundation grants	$3,456,042	$ 10,801,308	$ 14,257,350	$ 3,098,670
Net assets released from restriction:				
Satisfaction of donor restrictions	4,956,334	(4,956,334)	-	-
Individual donations	1,792,297	462,000	2,254,297	724,986
Corporate contributions	506,273	1,654,826	2,161,099	1,694,542
Contributed legal services (Note 7)	2,112,915	-	2,112,915	1,128,583
Gifts in-kind	-	-	-	3,950
Special events - contributions	125,883	-	125,883	146,296
Special events - fair value portion	-	-	-	17,977
Less: Direct event expenses	(7,417)	-	(7,417)	(64,335)
Government subcontracts	29,639	-	29,639	29,501
Dividends & interest	47,718	-	47,718	49,010
Realized & unrealized gains on investments	29,295	-	29,295	28,073
Miscellaneous revenue	33,294	-	33,294	47,767
Total support & revenue	13,082,273	7,961,800	21,044,073	6,905,020
Expenses:				
Program services	6,147,312	-	6,147,312	5,149,436
Management & general	689,685	-	689,685	486,599
Fundraising	866,922	-	866,922	694,331
Total expenses	7,703,919	-	7,703,919	6,330,366
CHANGE IN NET ASSETS	5,378,354	7,961,800	13,340,154	574,654
NET ASSETS, January 1	1,605,883	2,869,700	4,475,583	3,900,929
NET ASSETS, December 31	$6,984,237	$ 10,831,500	$ 17,815,737	$ 4,475,583

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

Transgender Law Center

Statement of Functional Expenses
for the Year Ended December 31, 2020
with Comparative Totals for the Year Ended December 31, 2019

	Program Services	Management & General	Fundraising	2020 Total	2019 Total (Note 2)
Salaries	$ 1,951,397	$ 357,659	$ 325,641	$ 2,634,697	$ 2,035,942
Employee benefits	234,954	32,282	29,390	296,626	223,643
Payroll taxes	151,953	27,851	25,357	205,161	160,993
Subtotal	2,338,304	417,792	380,388	3,136,484	2,420,578
Grants to nonprofit organizations	121,599	-	-	121,599	117,144
Legal fees	41,440	28,800	-	70,240	103,612
Accounting fees	11,906	39,056	1,987	52,949	29,301
Contributed legal services	2,112,915	-	-	2,112,915	1,128,583
Advertising, public relations & promotion (Note 2)	40,134	-	235,221	275,355	167,733
Other consultants & professional fees	482,020	54,651	22,635	559,306	442,325
Office expenses	131,413	15,944	16,843	164,200	111,922
Information technology	157,307	14,593	15,497	187,397	129,444
Occupancy	297,337	52,872	47,854	398,063	407,697
Travel	124,096	45,105	4,356	173,557	856,262
Conferences & training	3,083	104	648	3,835	30,027
Meetings	19,021	1,248	900	21,169	128,627
Depreciation	30,185	5,532	5,037	40,754	21,026
Insurance	22,482	4,120	3,752	30,354	28,342
Professional development	18,244	3,229	4,546	26,019	12,511
Staff & volunteer appreciation	4,654	676	615	5,945	1,299
Direct expenses of fundraising events	-	-	7,417	7,417	64,335
Other event production costs	-	-	47,722	47,722	38,534
Client costs	104,396	-	-	104,396	44,715
Bank fees	4,786	1,962	49,691	56,439	24,074
Bad debt expense	-	-	27,000	27,000	-
Dues & subscriptions	12,484	87	24	12,595	9,935
Miscellaneous expense	69,506	3,914	2,206	75,626	76,675
Total expenses by function	6,147,312	689,685	874,339	7,711,336	6,394,701
Less expenses included with revenue on the statement of activities					
Direct expenses of fundraising events	-	-	(7,417)	(7,417)	(64,335)
Total expenses included in the expense section on the statement of activities	$ 6,147,312	$ 689,685	$ 866,922	$ 7,703,919	$ 6,330,366

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

Transgender Law Center

Statement of Cash Flows
for the Year Ended December 31, 2020
with Comparative Totals for the Year Ended December 31, 2019

	2020	2019 (Note 2)
Cash flows from operating activities:		
Change in net assets	$ 13,340,154	$ 574,654
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	40,754	21,026
Realized & unrealized gains on investments	(29,295)	(28,073)
Changes in assets and liabilities:		
(Increase) decrease in contributions receivable	(3,661,862)	(237,549)
(Increase) decrease in other assets	(10,999)	(5,058)
Increase (decrease) in accounts payable	29,192	(62,935)
Increase (decrease) in accrued vacation	45,060	24,193
Increase (decrease) in accrued sabbatical leave	39,931	33,530
Increase (decrease) in deferred rent	(28,213)	(6,972)
Increase (decrease) in deferred revenue	-	(14,119)
Cash provided (used) by operating activities:	9,764,722	298,697
Cash flows from investing activities:		
Purchases of property & equipment	(22,494)	(91,508)
Investment in marketable securities	(37,537)	(29,066)
Cash provided (used) by investing activities:	(60,031)	(120,574)
Cash flows from financing activities activities:		
Proceeds from forgivable government loan	453,465	-
Cash provided (used) by financing activities:	453,465	-
Cash provided (used) during year	10,158,156	178,123
Cash & equivalents:		
Beginning of year, January 1	2,387,972	2,209,849
End of year, December 31	$ 12,546,128	$ 2,387,972

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, 2020

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.

<u>Nature of Funding</u>
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

<u>Basis of Accounting</u>
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.

<u>Cash & Cash Equivalents</u>
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). Nonprofit organizations have the option of treating the funding from this program as a conditional government grant in accordance with ASC 958 or as debt in accordance with ASC 470. Because the Organization has elected the latter method, the total amount received is presented as a long-term liability on the *statement of financial position*. Any amounts forgiven at a future date will be recognized as revenue on the date when the formal act of forgiveness occurs. (The full amount of the loan was subsequently forgiven in August 2021.)

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.

Revenue Recognition
The Organization recognizes contributions when it receives cash, securities or other assets, an unconditional promise to give, or notification of an irrevocable 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.

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. 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
Director of Development	15% Program Services, 85% Fundraising
Dir. of Finance/Operations	5% Program Services, 90% Management &General, 5% Fundraising
Dir. of People/Org. Culture	10% Program Services, 90% Management & General
Executive Director	35% Program Services, 50% Management & General, 15% 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 2017 through 2020 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 2016 through 2020 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.

New Accounting Pronouncements
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 is reflected in the Organization's financial statements for the year ended December 31, 2020. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

These financial statements also reflect the provisions Accounting Standards Update No. 2018-08—*Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Made and Contributions Received* (ASU 2018-08), which the FASB enacted in June 2018 in response to concerns and questions relating to the applicability of ASU 2014-09 to nonprofit organizations.

This update provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) or exchange transactions (reciprocal) and (2) determining whether a contribution is conditional. The update will result in more governmental contracts being accounted for as contributions and may delay recognition for certain grants and contributions that no longer meet the definition of unconditional. This pronouncement was effective for calendar years ending in 2019 and beyond. There was no effect on the Organization's beginning net assets in connection with the enactment of this pronouncement.

Comparative Data

The financial statement information for the year ended December 31, 2019, presented for comparative purposes, is not intended to be a complete financial statement presentation. For a complete presentation of 2019, please refer to the financial statements for that fiscal year. Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 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, 2020, 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)	$416,607	$416,607		
Vanguard Short-Term Investment Grade Fund (VFSUX)	397,094	397,094		
Vanguard Short-Term Treasury Fund (VFIRX)	385,563	385,563		
Total	$1,199,264	$1,199,264		

Transgender Law Center

Notes to the Financial Statements for the Year Ended December 31, 2020

4. Property & Equipment

Computers	$146,605
Office equipment	4,925
Leasehold improvements	18,454
Less: accumulated depreciation	(101,245)
Property & equipment, net book value	$68,739

5. Forgivable Government Loan

Long-term debt consists of a Paycheck Protection Program loan that originated in May 2020. The terms of a signed promissory note specify that the outstanding balance shall accrue interest at an annual rate of 1% and the total principal and accrued interest shall be repaid by April 2022. (This loan was subsequently forgiven in August 2021.)

6. Net Assets with Donor Restrictions

As of December 31, 2020, unspent grants were restricted to the following activities:

Black LGBTQIA & Migrant project	$6,396,709
General support for future periods	2,232,082
To build leadership of LGBTQ disabled people	571,723
Positively Trans program	509,498
HIV anti-criminalization	380,000
Border project	221,987
Truth project	200,000
Black Trans Circle project	100,000
Bay Area/California work	75,000
Colorado legal case	50,000
National organizing	37,000
Immigrant litigation fund	30,000
Other projects & programs	27,501
Total	$10,831,500

7. Contributed Legal Services

Contributed legal services reported	$1,625,400
Estimate of additional contributed legal services	487,515
Total	$2,112,915

8. Operating Leases

TLC rents office space in downtown Oakland under an operating lease that expires in January 2022. Rent during 2020 ranged from approximately $36,000 per month to approximately $42,000 per month. Because the lease contains a staggered rent schedule, rent expense is straight-lined over the course of the lease term. The difference between the total rent paid and the expense accrued to date is reflected as a deferred rent liability on the statement of financial position. Deferred rent will be fully amortized by the end of the lease term. During 2020, the Organization also rented an office in Brooklyn, New York, for $4,095 per month under a one-year lease that expired in December 2020.
Future minimum lease payments are as follows:

2021	$339,051
2022	20,000
Total future minimum lease payments	$359,051

TLC subleases portions of its Oakland space to another nonprofit organization under an operating agreement that expires in 2021. Future minimum rental receipts are $105,935 for 2021.

9. 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, 2020, the Organization contributed a total of $47,165 to the retirement accounts of its employees.

10. 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
At times, the Organization's bank deposits exceed the insurance limits provided by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2020, TLC held approximately $2.4 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 approximately $10.1 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.

Transgender Law Center

Notes to the Financial Statements
for the Year Ended December 31, 2020

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*.

11. 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	$17,037,313
Less: Amounts included above which are subject to donor-imposed purpose restrictions	(2,390,050)
Net current financial assets after donor-imposed purpose restrictions	$14,647,263

12. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 13, 2021, the date the financial statements were available to be issued. As of this date, no additional subsequent events requiring disclosure or recognition were noted.