

**FINANCIAL STATEMENTS**



**TRANSGENDER LEGAL DEFENSE AND  
EDUCATION FUND, INC.**

**FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

**TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.**

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**CPAs & ADVISORS**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Transgender Legal Defense and Education Fund, Inc.  
New York, NY

We have audited the accompanying financial statements of the Transgender Legal Defense and Education Fund, Inc. (the Fund), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2020 and 2019, and the changes in its net assets, functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Gelman Rosenberg & Friedman*

July 28, 2021

## TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2020 AND 2019

## ASSETS

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,308,454	\$ 435,777
Contributions and grants receivable	484,971	136,073
Prepaid expenses	<u>33,526</u>	<u>1,290</u>
Total current assets	<u>1,826,951</u>	<u>573,140</u>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	50,723	41,592
Leasehold improvements	<u>-</u>	<u>20,447</u>
	50,723	62,039
Less: Accumulated depreciation and amortization	<u>(22,646)</u>	<u>(25,629)</u>
Net property and equipment	<u>28,077</u>	<u>36,410</u>
<b>NONCURRENT ASSETS</b>		
Security deposits	60,086	60,886
Contributions and grants receivable, net of current portion	<u>37,500</u>	<u>50,000</u>
Total noncurrent assets	<u>97,586</u>	<u>110,886</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,952,614</u></b>	<b><u>\$ 720,436</u></b>

## LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Loan payable	\$ 182,700	\$ -
Accounts payable and accrued liabilities	64,075	78,241
Deferred rent	<u>3,678</u>	<u>1,170</u>
Total liabilities	<u>250,453</u>	<u>79,411</u>
<b>NET ASSETS</b>		
Without donor restrictions	989,648	471,858
With donor restrictions	<u>712,513</u>	<u>169,167</u>
Total net assets	<u>1,702,161</u>	<u>641,025</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,952,614</u></b>	<b><u>\$ 720,436</u></b>

**TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 1,448,490	\$ 795,000	\$ 2,243,490
In-kind contributions	8,628,014	-	8,628,014
Fee for service	52,635	-	52,635
Special event, net of direct expenses of \$107,910 and \$36,119 in 2020 and 2019, respectively	275,090	-	275,090
Interest	388	-	388
Other revenue	-	-	-
Loss on disposal of capital assets	(7,773)	-	(7,773)
Net assets released from donor restrictions	<u>251,654</u>	<u>(251,654)</u>	<u>-</u>
Total support and revenue	<u>10,648,498</u>	<u>543,346</u>	<u>11,191,844</u>
<b>EXPENSES</b>			
Program Services:			
Legal	<u>9,630,626</u>	<u>-</u>	<u>9,630,626</u>
Supporting Services:			
Management and General	216,201	-	216,201
Fundraising	<u>283,881</u>	<u>-</u>	<u>283,881</u>
Total supporting services	<u>500,082</u>	<u>-</u>	<u>500,082</u>
Total expenses	<u>10,130,708</u>	<u>-</u>	<u>10,130,708</u>
Changes in net assets	517,790	543,346	1,061,136
Net assets at beginning of year	<u>471,858</u>	<u>169,167</u>	<u>641,025</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u><u>\$ 989,648</u></u></b>	<b><u><u>\$ 712,513</u></u></b>	<b><u><u>\$ 1,702,161</u></u></b>

<b>2019</b>		
<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
\$ 591,994	\$ 240,000	\$ 831,994
8,820,602	-	8,820,602
3,750	-	3,750
182,891	-	182,891
1,305	-	1,305
3,989	-	3,989
-	-	-
<u>118,833</u>	<u>(118,833)</u>	<u>-</u>
<u>9,723,364</u>	<u>121,167</u>	<u>9,844,531</u>
<u>9,535,159</u>	<u>-</u>	<u>9,535,159</u>
112,092	-	112,092
<u>224,802</u>	<u>-</u>	<u>224,802</u>
<u>336,894</u>	<u>-</u>	<u>336,894</u>
<u>9,872,053</u>	<u>-</u>	<u>9,872,053</u>
(148,689)	121,167	(27,522)
<u>620,547</u>	<u>48,000</u>	<u>668,547</u>
<b><u>\$ 471,858</u></b>	<b><u>\$ 169,167</u></b>	<b><u>\$ 641,025</u></b>

See accompanying notes to financial statements.

## TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services		Supporting Services		Total Expenses
	Legal	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 620,660	\$ 83,918	\$ 193,656	\$ 277,574	\$ 898,234
Payroll taxes and fringe benefits	167,156	44,823	54,593	99,416	266,572
Depreciation and amortization	7,655	678	1,357	2,035	9,690
Donated legal services	8,628,014	-	-	-	8,628,014
Financial and legal services	1,530	8,055	5,320	13,375	14,905
Insurance	6,788	5,580	190	5,770	12,558
Office, printing and postage	14,321	14,694	4,226	18,920	33,241
Professional fees	53,435	45,921	825	46,746	100,181
Rent and related expenses	104,086	9,223	18,446	27,669	131,755
Special event facility, catering and related	5,492	969	108,080	109,049	114,541
Telephone and internet	13,755	1,220	2,438	3,658	17,413
Travel, meals and entertainment	7,734	1,120	2,660	3,780	11,514
Subtotal	9,630,626	216,201	391,791	607,992	10,238,618
Less expenses deducted directly from revenue in the Statement of Activities:					
Costs of direct benefits to donors	-	-	(107,910)	(107,910)	(107,910)
<b>TOTAL</b>	<b>\$ 9,630,626</b>	<b>\$ 216,201</b>	<b>\$ 283,881</b>	<b>\$ 500,082</b>	<b>\$ 10,130,708</b>

See accompanying notes to financial statements.



## TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services		Supporting Services		Total Expenses
	Legal	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 333,374	\$ 28,010	\$ 130,115	\$ 158,125	\$ 491,499
Payroll taxes and fringe benefits	90,239	7,237	33,620	40,857	131,096
Contributions	-	2,000	-	2,000	2,000
Depreciation and amortization	6,085	537	2,326	2,863	8,948
Donated legal services	8,820,602	-	-	-	8,820,602
Financial and legal services	5,466	1,558	2,178	3,736	9,202
Insurance	2,511	222	960	1,182	3,693
Office, printing and postage	18,061	1,516	7,051	8,567	26,628
Professional fees	155,985	64,662	19,049	83,711	239,696
Rent and related expenses	67,223	5,649	26,236	31,885	99,108
Special event facility, catering and related	-	-	36,119	36,119	36,119
Telephone and internet	4,479	375	1,747	2,122	6,601
Travel, meals and entertainment	31,134	326	1,520	1,846	32,980
Subtotal	9,535,159	112,092	260,921	373,013	9,908,172
Less expenses deducted directly from revenue in the Statement of Activities:					
Costs of direct benefits to donors	-	-	(36,119)	(36,119)	(36,119)
<b>TOTAL</b>	<b>\$ 9,535,159</b>	<b>\$ 112,092</b>	<b>\$ 224,802</b>	<b>\$ 336,894</b>	<b>\$ 9,872,053</b>

See accompanying notes to financial statements.

## TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 1,061,136	\$ (27,522)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	9,691	8,948
Loss on disposal of fixed assets	7,773	-
Decrease (increase) in:		
Contributions and grants receivable	(336,398)	52,291
Prepaid expenses	(32,236)	(843)
Security deposits	800	(39,612)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(14,166)	39,928
Deferred rent abatement	2,508	(5,038)
Refundable advance	-	(79,998)
Net cash provided (used) by operating activities	<u>699,108</u>	<u>(51,846)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of furniture and equipment	<u>(9,131)</u>	<u>(20,073)</u>
Net cash used by investing activities	<u>(9,131)</u>	<u>(20,073)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loan payable	<u>182,700</u>	<u>-</u>
Net cash provided by financing activities	<u>182,700</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	872,677	(71,919)
Cash and cash equivalents at beginning of year	<u>435,777</u>	<u>507,696</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 1,308,454</u></b>	<b><u>\$ 435,777</u></b>

# TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

#### Organization -

The Transgender Legal Defense and Education Fund, Inc. (the Fund) is a non-profit organization, incorporated in the State of New York and located in New York City. The Fund is committed to ending discrimination throughout the United States based on gender identity and expression and to achieving equality for transgender individuals through public education, test case litigation, direct legal services and public policy efforts.

#### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

#### Cash and cash equivalents -

The Fund considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Fund maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

#### Contributions and grants receivable -

Contributions and grants receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

#### Property and equipment -

Property and equipment acquisitions in excess of \$2,500 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five to ten years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the years ended December 31, 2020 and 2019 totaled \$9,691 and \$8,948, respectively.

**TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Income taxes -

The Fund is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Fund is not a private foundation.

Uncertain tax positions -

For the years ended December 31, 2020 and 2019, the Fund has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Revenue recognition -

The majority of the Fund's revenue is received through awards from foundations, corporations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. The Fund performs an analysis of each award to determine if the revenue streams follow the contributions rules or if considered an exchange transaction depending on whether the transaction is reciprocal or nonreciprocal.

For awards qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the condition on which they depend are substantially met. Awards qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements. Grant funding received in advance of incurring the related expenses is recorded as "net assets with donor restrictions".

Awards qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, the Fund recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances; there were no refundable advances as of December 31, 2020 and 2019. In addition, there were no unrecorded conditional contributions as of December 31, 2020 and 2019.

Revenue classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers*, and is recorded when the performance obligations are met; the revenue is recognized as "without donor restrictions" and the transaction price is based on the criteria stipulated in the agreements. For fee for service revenue, recognition of revenue occurs at the point in time when invoiced to customers. Funds received in advance are recorded as deferred revenue; there was no deferred revenue recorded as of December 31, 2020 and 2019.

In-kind contributions -

In-kind contributions consist of professional legal services provided by attorneys for the benefit of the Fund's constituents (at no cost to the organization). In-kind contributions are recorded at their fair value as of the date of the gift. In addition to the aforementioned legal services, volunteers have donated significant amounts of their time to the Fund; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, depreciation, insurance, rent, telephone, office supplies, and printing and postage, all of which are allocated on the basis of estimates of time and effort.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Fund's operations. The overall potential impact is unknown at this time.

New accounting pronouncements (not yet adopted) -

ASU 2019-01, *Leases* (Topic 842) changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Fund plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose	\$ 180,846	\$ -
Subject to passage of time	<u>531,667</u>	<u>169,167</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 712,513</u></b>	<b><u>\$ 169,167</u></b>

**TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**2. NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

The following net assets with donor restrictions were released from donor restrictions through the passage of time or satisfaction of grant purposes:

	<u>2020</u>	<u>2019</u>
Purpose restrictions accomplished	\$ 4,154	\$ -
Timing restrictions accomplished	<u>247,500</u>	<u>118,833</u>
<b>TOTAL NET ASSES RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 251,654</u></b>	<b><u>\$ 118,833</u></b>

**3. LOAN PAYABLE**

On May 14, 2020, the Fund received loan proceeds in the amount of \$182,700 under the Paycheck Protection Program (PPP). The loan calls for monthly principal and interest (1%) payments amortized over the term of the loan with a deferral of payments for the first sixteen months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note must be used for certain expenditures within a 24-week period to ultimately be forgiven by the Small Business Administration (SBA).

During the year ended December 31, 2020, the Fund expended and tracked the PPP funds according to the purposes outlined in the CARES Act guidance and met all conditions set forth for full forgiveness. On May 19, 2021, the Fund received confirmation that the loan was forgiven in full by the Small Business Administration. Accordingly, the Fund will recognize the PPP funding as a contribution in 2021. Since forgiveness has been obtained prior to the date of this report, the Fund has recorded the loan as a current liability in the accompanying Statement of Financial Position.

**4. LIQUIDITY AND AVAILABILITY**

The Fund regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. The Fund's working capital and cash flows have seasonal variations during the year attributable to the annual fundraising event and a concentration of contributions received near calendar year end. The Fund's financial assets available within one year of the Statements of Financial Position date for general expenditures at December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,308,454	\$ 435,777
Contributions and grants receivable	<u>484,971</u>	<u>136,073</u>
Subtotal	1,793,425	571,850
Less: Amounts unavailable for general expenditures within one year due to donor restrictions (purpose restricted)	(180,846)	-
Less: Amounts unavailable for general expenditures within one year due to donor restrictions (net noncurrent time restricted awards)	<u>(37,500)</u>	<u>-</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 1,575,079</u></b>	<b><u>\$ 571,850</u></b>

**TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**4. LIQUIDITY AND AVAILABILITY (Continued)**

Management is focused on sustaining the financial liquidity of the Fund throughout the year by monitoring and reviewing the Fund's cash flow needs on a monthly basis. As a result, management is aware of the Fund's operating cycle and cash needs related to Fund's funding sources and is able to ensure that there is sufficient cash available to meet current liquidity needs. As of December 31, 2020 and 2019, the Fund has financial assets equal to approximately twelve and seven months, respectively, of average annual expenses (the number of months calculated was determined excluding contributed legal services).

**5. LEASE COMMITMENT**

The Fund rents office space under a lease which is set to expire on December 31, 2023. The lease requires monthly payments of \$10,014, plus a proportionate share of operating expenses, increasing by a factor of 3% per year.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Statements of Financial Position.

As of December 31, 2020 and 2019, the total deferred rent liability aggregated \$3,678 and \$1,170, respectively.

The following is a schedule of the future minimum lease payments:

<u>Year Ending December 31,</u>	
2021	\$ 124,202
2022	127,307
2023	<u>128,709</u>
	<u><b>\$ 380,218</b></u>

Rent expense for the years ended December 31, 2020 and 2019 totaled \$123,681 and \$92,539, respectively.

**6. RETIREMENT PLAN**

In 2017, the Fund established a defined contribution plan (under IRS 401(k) of the Internal Revenue Code) covering all full-time employees. The Fund provides a contribution for all employees equal to 3% of covered compensation. Contributions to the plan during the years ended December 31, 2020 and 2019 totaled \$25,236 and \$10,019, respectively.

**7. SUBSEQUENT EVENTS**

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through July 28, 2021, the date the financial statements were issued.