

FINANCIAL STATEMENTS



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

**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

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, New York

Opinion

We have audited the accompanying financial statements of the Transgender Legal Defense and Education Fund, Inc. (TLDEF), which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TLDEF as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 TLDEF and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 TLDEF'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.

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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 TLDEF'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 TLDEF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate 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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

September 12, 2022

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,780,311	\$ 1,308,454
Contributions and grants receivable	113,915	484,971
Prepaid expenses	<u>12,123</u>	<u>33,526</u>
Total current assets	<u>1,906,349</u>	<u>1,826,951</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	63,230	50,723
Less: Accumulated depreciation and amortization	<u>(33,094)</u>	<u>(22,646)</u>
Net property and equipment	<u>30,136</u>	<u>28,077</u>
NONCURRENT ASSETS		
Security deposits	60,086	60,086
Contributions and grants receivable, net of current portion	<u>95,525</u>	<u>37,500</u>
Total noncurrent assets	<u>155,611</u>	<u>97,586</u>
TOTAL ASSETS	<u>\$ 2,092,096</u>	<u>\$ 1,952,614</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Loan payable	\$ -	\$ 182,700
Accounts payable and accrued liabilities	102,877	64,075
Deferred rent	<u>5,497</u>	<u>3,678</u>
Total liabilities	<u>108,374</u>	<u>250,453</u>
NET ASSETS		
Without donor restrictions	1,175,253	989,648
With donor restrictions	<u>808,469</u>	<u>712,513</u>
Total net assets	<u>1,983,722</u>	<u>1,702,161</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,092,096</u>	<u>\$ 1,952,614</u>

See accompanying notes to financial statements.

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 1,472,759	\$ 793,625	\$ 2,266,384
In-kind contributions	12,352,972	-	12,352,972
Fee for service	79,829	-	79,829
Special event, net of direct expenses of \$212,211	110,707	-	110,707
Interest	271	-	271
Loss on disposal of capital assets	-	-	-
Net assets released from donor restrictions	<u>697,669</u>	<u>(697,669)</u>	<u>-</u>
Total support and revenue	<u>14,714,207</u>	<u>95,956</u>	<u>14,810,163</u>
EXPENSES			
Program Services	<u>13,800,421</u>	<u>-</u>	<u>13,800,421</u>
Supporting Services:			
Management and General	405,370	-	405,370
Fundraising	<u>322,811</u>	<u>-</u>	<u>322,811</u>
Total supporting services	<u>728,181</u>	<u>-</u>	<u>728,181</u>
Total expenses	<u>14,528,602</u>	<u>-</u>	<u>14,528,602</u>
Changes in net assets	185,605	95,956	281,561
Net assets at beginning of year	<u>989,648</u>	<u>712,513</u>	<u>1,702,161</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,175,253</u>	<u>\$ 808,469</u>	<u>\$ 1,983,722</u>

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
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	275,090	-	275,090
Interest	388	-	388
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>
EXPENSES			
Program Services	<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>
NET ASSETS AT END OF YEAR	<u>\$ 989,648</u>	<u>\$ 712,513</u>	<u>\$ 1,702,161</u>

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 779,324	\$ 118,548	\$ 206,507	\$ 325,055	\$ 1,104,379
Payroll taxes and fringe benefits	211,790	70,848	78,271	149,119	360,909
Depreciation and amortization	8,255	731	1,463	2,194	10,449
Donated legal services	12,352,971	-	-	-	12,352,971
Financial and legal services	1,058	7,323	3,397	10,720	11,778
Insurance	9,741	4,489	-	4,489	14,230
Office, printing and postage	141,733	18,789	5,440	24,229	165,962
Professional fees	168,596	171,818	6,203	178,021	346,617
Rent and related expenses	109,083	9,666	19,332	28,998	138,081
Special event facility, catering and related	-	-	212,211	212,211	212,211
Telephone and internet	12,399	1,100	2,198	3,298	15,697
Travel, meals and entertainment	5,471	2,058	-	2,058	7,529
Subtotal	13,800,421	405,370	535,022	940,392	14,740,813
Less expenses deducted directly from revenue in the Statement of Activities:					
Costs of direct benefits to donors	-	-	(212,211)	(212,211)	(212,211)
TOTAL	<u>\$ 13,800,421</u>	<u>\$ 405,370</u>	<u>\$ 322,811</u>	<u>\$ 728,181</u>	<u>\$ 14,528,602</u>

See accompanying notes to financial statements.

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

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

	Supporting Services			Total Supporting Services	Total Expenses
	Program Services	Management and General	Fundraising		
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)
TOTAL	<u>\$ 9,630,626</u>	<u>\$ 216,201</u>	<u>\$ 283,881</u>	<u>\$ 500,082</u>	<u>\$ 10,130,708</u>

See accompanying notes to financial statements.

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 281,561	\$ 1,061,136
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	10,449	9,691
Loss on disposal of fixed assets	-	7,773
Forgiveness of debt (PPP loan)	(182,700)	-
Decrease (increase) in:		
Contributions and grants receivable	313,031	(336,398)
Prepaid expenses	21,403	(32,236)
Security deposits	-	800
Increase (decrease) in:		
Accounts payable and accrued liabilities	38,802	(14,166)
Deferred rent abatement	<u>1,819</u>	<u>2,508</u>
Net cash provided by operating activities	<u>484,365</u>	<u>699,108</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	<u>(12,508)</u>	<u>(9,131)</u>
Net cash used by investing activities	<u>(12,508)</u>	<u>(9,131)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	<u>-</u>	<u>182,700</u>
Net cash provided by financing activities	<u>-</u>	<u>182,700</u>
Net increase in cash and cash equivalents	471,857	872,677
Cash and cash equivalents at beginning of year	<u>1,308,454</u>	<u>435,777</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,780,311</u>	<u>\$ 1,308,454</u>

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Transgender Legal Defense and Education Fund, Inc. (TLDEF) 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 -

TLDEF 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, TLDEF 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.

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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

Property and equipment (continued) -

The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the years ended December 31, 2021 and 2020 totaled \$10,449 and \$9,691, respectively.

Income taxes -

TLDEF 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. TLDEF is not a private foundation.

Uncertain tax positions -

For the years ended December 31, 2021 and 2020, TLDEF 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 TLDEF's revenue is received through contributions from corporations and individuals and contributions in the form of grants from foundations and government entities.

TLDEF performs an analysis of each revenue stream to determine if it follows the contribution rules or is considered an exchange transaction. Revenue without a commensurate value received in return qualifies under the contribution rules and is recognized upon notification of the contribution/grant and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the condition on which they depend is substantially met.

Unconditional contributions 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. Contributions received in advance of incurring the related expenses is recorded as "net assets with donor restrictions".

Contributions qualifying as conditional contributions contain a right of return or right of release from obligation provision, and TLDEF has limited discretion over how funds received should be spent. As such, TLDEF recognizes revenue for these conditional contributions when the related barrier has been overcome. Funds received in advance of overcoming the defined barriers are recorded as refundable advances; there were no refundable advances as of December 31, 2021 and 2020. In addition, there were no unrecorded conditional contributions as of December 31, 2021 and 2020.

Exchange transactions (such as fees received for services provided) 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 negotiated fee 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, 2021 and 2020.

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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

In-kind contributions -

In-kind contributions consist of professional legal services provided by attorneys for the benefit of TLDEF'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 TLDEF; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

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 -

The global pandemic of COVID-19 continues to rapidly evolve and TLDEF continues to monitor the situation closely. The ultimate impact of the COVID-19 pandemic is highly uncertain and subject to change and the overall 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 Statements 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 with fiscal years 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.

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities.

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

New accounting pronouncements not yet adopted (continued) -

The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

TLDEF plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption method and the impacts of the new standards on its accompanying financial statements.

2. **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose	\$ 45,846	\$ 180,846
Subject to passage of time	<u>762,623</u>	<u>531,667</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 808,469</u>	<u>\$ 712,513</u>

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

	<u>2021</u>	<u>2020</u>
Purpose restrictions accomplished	\$ 135,000	\$ 4,154
Timing restrictions accomplished	<u>562,669</u>	<u>247,500</u>
TOTAL NET ASSES RELEASED FROM DONOR RESTRICTIONS	<u>\$ 697,669</u>	<u>\$ 251,654</u>

3. **PAYCHECK PROTECTION PROGRAM (PPP)**

On May 14, 2020, TLDEF received loan proceeds in the amount of \$182,700 under the Paycheck Protection Program (PPP). The loan required 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). On May 19, 2021, TLDEF received confirmation that the loan was forgiven in full by the SBA. Accordingly, TLDEF has recognized the entire amount of \$182,700 as a conditional award (in which all conditions have been met, and recorded as without donor restrictions). The total amount of the forgiven loan and interest is included in contributions and grants income in the accompanying 2021 Statement of Activities and Changes in Net Assets.

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

4. LIQUIDITY AND AVAILABILITY

TLDEF regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. TLDEF'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. TLDEF's financial assets available within one year of the Statements of Financial Position date for general expenditures at December 31, 2021 and 2020 were as follows:

	2021	2020
Cash and cash equivalents	\$ 1,780,311	\$ 1,308,454
Contributions and grants receivable	113,915	484,971
Subtotal	1,894,226	1,793,425
Less: Amounts unavailable for general expenditures within one year due to donor restrictions (purpose restricted)	(45,846)	(180,846)
Less: Amounts unavailable for general expenditures within one year due to donor restrictions (net noncurrent time restricted awards)	(95,525)	(37,500)
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 1,752,855	\$ 1,575,079

Management is focused on sustaining the financial liquidity of TLDEF throughout the year by monitoring and reviewing TLDEF's cash flow needs on a monthly basis. As a result, management is aware of TLDEF's operating cycle and cash needs related to TLDEF's funding sources and is able to ensure that there is sufficient cash available to meet current liquidity needs. As of December 31, 2021 and 2020, TLDEF has financial assets equal to approximately nine and thirteen months, respectively, of average annual expenses (the number of months calculated was determined excluding contributed legal services).

5. LEASE COMMITMENT

TLDEF rents office space under a lease which is set to expire during the year ended 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, 2021 and 2020, the total deferred rent liability aggregated \$5,497 and \$3,678, respectively.

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

<u>Year Ending December 31,</u>	
2022	\$ 127,307
2023	86,274
	\$ 213,581

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

5. LEASE COMMITMENT (Continued)

Rent expense under the aforementioned lease during the years ended December 31, 2021 and 2020 totaled \$126,021 and \$123,681, respectively, and is included in the "Rent and related expenses" line in the accompanying Statements of Functional Expenses.

6. RETIREMENT PLAN

During 2017, TLDEF established a defined contribution plan (under IRS 401(k) of the Internal Revenue Code) covering all full-time employees. TLDEF provides a contribution for all employees equal to 3% of covered compensation. Contributions to the Plan during the years ended December 31, 2021 and 2020 totaled \$33,613 and \$25,236, respectively.

7. SUBSEQUENT EVENTS

In preparing these financial statements, TLDEF has evaluated events and transactions for potential recognition or disclosure through September 12, 2022, the date the financial statements were issued.