

FINANCIAL STATEMENTS



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

**FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statements of Financial Position, as of December 31, 2022 and 2021	4
EXHIBIT B - Statement of Activities and Changes in Net Assets, for the Year Ended December 31, 2022	5
EXHIBIT C - Statement of Activities and Changes in Net Assets, for the Year Ended December 31, 2021	6
EXHIBIT D - Statement of Functional Expenses, for the Year Ended December 31, 2022	7
EXHIBIT E - Statement of Functional Expenses, for the Year Ended December 31, 2021	8
EXHIBIT F - Statements of Cash Flows, for the Years Ended December 31, 2022 and 2021	9
NOTES TO FINANCIAL STATEMENTS	10 - 15



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, 2022 and 2021, 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, 2022 and 2021, 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 21, 2023

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021

		ASSETS	
		<u>2022</u>	<u>2021</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	3,734,423	\$ 1,780,311
Contributions and grants receivable		1,088,093	113,915
Prepaid expenses		<u>77,770</u>	<u>12,123</u>
Total current assets		<u>4,900,286</u>	<u>1,906,349</u>
PROPERTY AND EQUIPMENT			
Furniture and equipment		80,242	63,230
Less: Accumulated depreciation and amortization		<u>(43,231)</u>	<u>(33,094)</u>
Net property and equipment		<u>37,011</u>	<u>30,136</u>
NONCURRENT ASSETS			
Security deposits		60,086	60,086
Right-of-use asset		80,657	-
Contributions and grants receivable, net of current portion		<u>126,000</u>	<u>95,525</u>
Total noncurrent assets		<u>266,743</u>	<u>155,611</u>
TOTAL ASSETS	\$	<u>5,204,040</u>	\$ <u>2,092,096</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$	179,244	\$ 102,877
Deferred rent		-	5,497
Lease liability		<u>84,764</u>	<u>-</u>
Total liabilities		<u>264,008</u>	<u>108,374</u>
NET ASSETS			
Without donor restrictions		2,257,937	1,175,253
With donor restrictions		<u>2,682,095</u>	<u>808,469</u>
Total net assets		<u>4,940,032</u>	<u>1,983,722</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>5,204,040</u>	\$ <u>2,092,096</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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 2,574,098	\$ 2,861,000	\$ 5,435,098
In-kind contributions	15,115,653	-	15,115,653
Fee for service	14,910	-	14,910
Special event, net of direct expenses of \$177,247	216,386	-	216,386
Interest	1,246	-	1,246
Net assets released from donor restrictions	<u>987,374</u>	<u>(987,374)</u>	<u>-</u>
Total support and revenue	<u>18,909,667</u>	<u>1,873,626</u>	<u>20,783,293</u>
EXPENSES			
Program Services	<u>16,785,795</u>	<u>-</u>	<u>16,785,795</u>
Supporting Services:			
Management and General	548,323	-	548,323
Fundraising	<u>492,865</u>	<u>-</u>	<u>492,865</u>
Total supporting services	<u>1,041,188</u>	<u>-</u>	<u>1,041,188</u>
Total expenses	<u>17,826,983</u>	<u>-</u>	<u>17,826,983</u>
Changes in net assets	1,082,684	1,873,626	2,956,310
Net assets at beginning of year	<u>1,175,253</u>	<u>808,469</u>	<u>1,983,722</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,257,937</u>	<u>\$ 2,682,095</u>	<u>\$ 4,940,032</u>

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
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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Supporting Services			Total Supporting Services	Total Expenses
	Program Services	Management and General	Fundraising		
Salaries	\$ 1,062,501	\$ 215,065	\$ 283,898	\$ 498,963	\$ 1,561,464
Payroll taxes and fringe benefits	293,382	71,383	123,729	195,112	488,494
Depreciation and amortization	5,897	2,099	2,141	4,240	10,137
Donated legal services	15,115,653	-	-	-	15,115,653
Financial and legal services	10,918	1,857	9,763	11,620	22,538
Insurance	13,925	2,551	1,501	4,052	17,977
Office, printing and postage	63,532	8,965	30,887	39,852	103,384
Professional fees	90,928	207,986	7,049	215,035	305,963
Rent and related expenses	83,527	22,844	26,116	48,960	132,487
Special event facility, catering and related	-	-	177,247	177,247	177,247
Telephone and internet	11,942	3,173	3,666	6,839	18,781
Travel, meals and entertainment	33,590	12,400	4,115	16,515	50,105
Subtotal	16,785,795	548,323	670,112	1,218,435	18,004,230
Less expenses deducted directly from revenue in the Statement of Activities:					
Costs of direct benefits to donors	-	-	(177,247)	(177,247)	(177,247)
TOTAL	\$ 16,785,795	\$ 548,323	\$ 492,865	\$ 1,041,188	\$ 17,826,983

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

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

	Supporting Services			Total Supporting Services	Total Expenses
	Program Services	Management and General	Fundraising		
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	\$ 13,800,421	\$ 405,370	\$ 322,811	\$ 728,181	\$ 14,528,602

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 2,956,310	\$ 281,561
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	10,137	10,449
Amortization of right-of-use asset	124,286	-
Receipt of contributed securities	33,554	-
Proceeds from the sale of contributed securities	(26,629)	-
Realized loss on sale of contributed securities	(6,925)	-
Forgiveness of debt on PPP loan	-	(182,700)
(Increase) decrease in:		
Contributions and grants receivable	(1,004,653)	313,031
Prepaid expenses	(65,647)	21,403
Increase (decrease) in:		
Accounts payable and accrued liabilities	76,367	38,802
Deferred rent	(5,497)	1,819
Lease liability	<u>(120,179)</u>	<u>-</u>
Net cash provided by operating activities	<u>1,971,124</u>	<u>484,365</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	<u>(17,012)</u>	<u>(12,508)</u>
Net cash used by investing activities	<u>(17,012)</u>	<u>(12,508)</u>
Net increase in cash and cash equivalents	1,954,112	471,857
Cash and cash equivalents at beginning of year	<u>1,780,311</u>	<u>1,308,454</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,734,423</u>	<u>\$ 1,780,311</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS		
Right-of-Use Asset	<u>\$ 196,780</u>	<u>\$ -</u>
Lease Liability for Right-of-Use Asset	<u>\$ 204,943</u>	<u>\$ -</u>

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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.

New accounting pronouncements adopted -

During the year ended December 31, 2022, TLDEF adopted Accounting Standards Update (ASU) 2019-01, *Leases* (Topic 842), which changed 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. TLDEF applied the new standard to all existing leases in 2022 and also the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See Note 5 for further details.

Also during the year ended December 31, 2022, TLDEF adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles in the United States (U.S. 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. The ASU was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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

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.

Investments -

Investments acquired by gift are recorded at their fair value at the date of the gift. TLDEF's policy is to liquidate all gifts of investments as soon as possible after the gift.

Contributions and grants receivable -

Contributions and grants receivable are recorded at their net realizable value, which approximates fair value. Amounts due beyond one year have not been measured at their present value of future cash flows as the amount of the discount was determined to be immaterial to the financial statements. 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. The cost of maintenance and repairs is recorded as expenses as incurred. Depreciation and amortization expense for the years ended December 31, 2022 and 2021 totaled \$10,137 and \$10,449, 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, 2022 and 2021, 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.

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

Revenue recognition (continued) -

Unconditional contributions with 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".

Awards 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, 2022 and 2021. In addition, there were no unrecorded conditional contributions as of December 31, 2022 and 2021.

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, 2022 and 2021.

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. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by TLDEF. 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.

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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

Functional allocation of expenses (continued) -

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.

New accounting pronouncements not yet adopted -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for TLDEF for the year ending December 31, 2023. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

TLDEF 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose	\$ 167,500	\$ 45,846
Subject to passage of time	<u>2,514,595</u>	<u>762,623</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 2,682,095</u>	<u>\$ 808,469</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>2022</u>	<u>2021</u>
Purpose restrictions accomplished	\$ 87,346	\$ 135,000
Timing restrictions accomplished	<u>900,028</u>	<u>562,669</u>
TOTAL NET ASSES RELEASED FROM DONOR RESTRICTIONS	<u>\$ 987,374</u>	<u>\$ 697,669</u>

3. 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.

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

3. LIQUIDITY AND AVAILABILITY (Continued)

TLDEF's financial assets available within one year of the Statements of Financial Position date for general expenditures at December 31, 2022 and 2021 were as follows:

	2022	2021
Cash and cash equivalents	\$ 3,734,423	\$ 1,780,311
Contributions and grants receivable	1,088,093	113,915
Subtotal	4,822,516	1,894,226
Less: Amounts unavailable for general expenditures within one year due to donor restrictions (purpose restricted)	(167,500)	(45,846)
Less: Amounts unavailable for general expenditures within one year due to donor restrictions (net noncurrent time restricted awards)	(126,000)	(95,525)
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 4,529,016	\$ 1,752,855

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, 2022 and 2021, TLDEF has financial assets equal to approximately twenty and nine months, respectively, of average annual expenses (the number of months calculated was determined excluding contributed legal services).

4. IN-KIND CONTRIBUTIONS

During the years ended December 31, 2022 and 2021, TLDEF was the beneficiary of donated goods and services which allowed TLDEF to provide greater resources toward various programs. The following donations have been included in revenue and expense for the years ended December 31, 2022 and 2021.

	2022	2021
Donated Legal Services	\$ 15,115,653	\$ 12,352,972

The aforementioned in-kind contributions have been recorded in the following category in the accompanying Statements of Functional Expenses:

	2022	2021
Program Services	\$ 15,115,653	\$ 12,352,972

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.

TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

5. LEASE COMMITMENT (Continued)

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. TLDEF also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. TLDEF adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, TLDEF recorded a right-of-use asset in the amount of \$196,780. TLDEF recorded an operating lease liability in the amount of \$204,943 by calculating the present value using the discount rate of 4.73%.

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

Year Ending December 31, 2023	\$ 86,274
Less: imputed interest	<u>(1,510)</u>
TOTAL LEASE LIABILITY	<u>\$ 84,764</u>

Rent expense for the year ended December 31, 2022 totaled \$125,916, and is included in the "Rent and related expenses" line in the accompanying Statements of Functional Expenses. Rent expense for the year ended December 31, 2021 totaled \$126,021.

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, 2022 and 2021 totaled \$41,911 and \$33,613, respectively.

7. SUBSEQUENT EVENTS

In preparing these financial statements, TLDEF has evaluated events and transactions for potential recognition or disclosure through September 21, 2023, the date the financial statements were issued.

TLDEF concluded bargaining with The Association of Legal Aid Attorneys – UAW Local 2325 on March 8, 2023. As of such date, both parties agreed to the following statement, labeled in the agreement as "Article 2.1 Salary Schedule": The Basic Salary Schedules set forth in Appendix A will apply to all employees and be effective as of July 1, 2022. Within thirty (30) days of ratification, the Employer will increase the salary of each employee in active status at that time in accordance with the levels specified in the Appendix.

In accordance with this provision, the entity had a present obligation at the reporting date of December 31, 2022 to pay an amount equal to \$59,185 in wages, salary, and taxes to employees, and an additional \$4,528 in federal taxes due by the entity. This payment was made as back pay on March 24, 2023, and such amounts were subsequently accrued back to the reporting date.