NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE

FINANCIAL STATEMENTS

December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

C O N T E N T S

Wegner CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Center for Transgender Equality and its affiliate,
the National Center for Transgender Equality Action Fund
Washington, DC

Opinion

We have audited the financial statements of National Center for Transgender Equality and its affiliate (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of National Center for Transgender Equality and its affiliate as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of National Center for Transgender Equality and its affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 National Center for Transgender Equality and its affiliate'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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 GAAS, 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 National Center for Transgender Equality and its affiliate'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 National Center for Transgender Equality and its affiliate'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.

Report on Summarized Comparative Information

We have previously audited National Center for Transgender Equality and its affiliate's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wegner CPAs LLP

Wegner CPAs, LLP
Alexandria, Virginia
November 15, 2024

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2023
With Comparative Totals for December 31, 2022

	2023	2022
ASSETS		
Cash	$ 1,646,527	$ 2,223,031
Grants and contributions receivable	563,585	865,977
Accounts receivable	12,822	2,500
Investments	4,136,726	3,162,463
Prepaid expenses and deposits	32,897	153,574
Equipment, net	31,734	29,298
Total assets	$ 6,424,291	$ 6,436,843
LIABILITIES		
Accounts payable and accrued expenses	$ 355,873	$ 200,163
Accrued payroll	56,307	108,907
Total liabilities	412,180	309,070
NET ASSETS		
Without donor restrictions	4,680,942	4,951,338
With donor restrictions	1,331,169	1,176,435
Total net assets	6,012,111	6,127,773
Total liabilities and net assets	$ 6,424,291	$ 6,436,843

See accompanying notes.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES				
Grants and contributions	$ 3,037,006	$ 1,044,098	$ 4,081,104	$ 4,296,718
Donated services	215,309	-	215,309	256,447
Speaking and training	64,450	-	64,450	71,894
Special event	81,552	-	81,552	-
Less costs of direct benefits to donors	(68,407)	-	(68,407)	-
Special events, net	13,145	-	13,145	-
Investment income, net	193,873	-	193,873	21,394
Other income	546	-	546	-
Net assets released from restrictions:				
Satisfaction of purpose restrictions	789,364	(789,364)	-	-
Expiration of time restrictions	100,000	(100,000)	-	-
Total revenues	4,413,693	154,734	4,568,427	4,646,453
EXPENSES AND LOSSES				
Program services	3,569,547	-	3,569,547	2,785,260
Supporting activities				
Management and general	613,621	-	613,621	745,766
Fundraising	500,921	-	500,921	262,619
Total supporting services	1,114,542	-	1,114,542	1,008,385
Total expenses	4,684,089	-	4,684,089	3,793,645
Change in net assets	(270,396)	154,734	(115,662)	852,808
Net assets at beginning of year	4,951,338	1,176,435	6,127,773	5,274,965
Net assets at end of year	$ 4,680,942	$ 1,331,169	$ 6,012,111	$ 6,127,773

See accompanying notes.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	Program Services						Supporting Services			
	General Program, SAP, and Policy	Outreach Public Education Familiarization and Family	Direct Lobbying	Grassroots Lobbying	U.S. Transgender Survey	Electoral	Management and General	Fundraising	2023 Total	2022 Total
Salaries and related expenses	$ 868,563	$ 578,459	$ 11,215	$ 1,878	$ 46,690	$ 1,267	$ 448,936	$ 162,073	$ 2,119,081	$ 1,915,022
Consultants	838,395	124,775	257	52	286,608	-	25,632	4,380	1,280,099	903,941
Rent	7,400	5,351	87	15	430	-	3,730	1,403	18,416	17,763
Professional services	287,658	31,393	515	118	2,507	-	39,946	35,462	397,599	377,071
Telecommunications	37,543	80,489	246	49	28,150	-	8,367	52,506	207,350	119,024
Travel and meals	52,343	28,464	119	16	49	67	10,790	4,000	95,848	50,702
Conference, events, and meetings	147,771	7,309	-	-	5	100	44,675	190,606	390,466	39,081
Printing and publications	2,187	10,862	1	47	6	-	1,106	9,725	23,934	37,597
Bank fees	24,882	-	-	-	-	-	170	8,871	33,923	21,635
Grants and donations	-	-	-	-	-	-	-	-	-	10,000
Supplies	-	2,002	2	1	97	-	3,220	1,106	6,428	5,666
Insurance	423	306	5	1	25	-	6,146	80	6,986	6,805
Depreciation and amortization	-	-	-	-	-	-	17,922	-	17,922	5,649
Website	1,847	2,621	-	-	180	1,897	220	1,417	8,182	13,725
Advertising expenses	-	471	-	-	-	-	-	-	471	24,231
Dues and subscriptions	3,353	550	-	-	7	-	1,209	384	5,503	4,215
Staff recruitment and development	-	-	-	-	-	-	-	-	-	188,428
Other expenses	2,427	32,426	6	1	4,061	2,500	1,552	28,908	71,881	53,090
Total expenses	$ 2,274,792	$ 905,478	$ 12,453	$ 2,178	$ 368,815	$ 5,831	$ 613,621	$ 500,921	$ 4,684,089	$ 3,793,645

See accompanying notes.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (115,662)	$ 852,808
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	17,922	5,649
Unrealized and realized (gain) loss from investments	(21,223)	11,105
(Increase) decrease in assets		
Grants and contributions receivable	302,392	414,903
Accounts receivable	(10,322)	3,500
Prepaid expenses and deposits	120,677	(41,304)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	155,710	43,653
Accrued payroll	(52,600)	(169,236)
Net cash flows from operating activities	396,894	1,121,078
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	-	29,900
Purchases of investments	(780,654)	(785,928)
Proceeds from investments reinvested	(172,386)	(32,348)
Purchases of property and equipment	(20,358)	(26,946)
Net cash flows from investing activities	(973,398)	(815,322)
Net change in cash	(576,504)	305,756
Cash at beginning of year	2,223,031	1,917,275
Cash at end of year	$ 1,646,527	$ 2,223,031

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

National Center for Transgender Equality (NCTE) advocates to change policies and society to increase understanding and acceptance of transgender people. In the nation's capital and throughout the country, NCTE works to replace disrespect, discrimination, and violence with empathy, opportunity, and justice.

National Center for Transgender Equality Action Fund (NCTEAF) is a nonprofit advocacy organization fighting for transgender equality at the local, state, and federal levels. By organizing and empowering transgender people, NCTEAF creates new possibilities for transgender people through political participation and influence. NCTE and NCTEAF fund their programs and supporting services primarily through grants and contributions from various foundations, corporations, and individuals.

Principles of Consolidation

The consolidated financial statements are presented and include the accounts of NCTE and NCTEAF (collectively, the Center). Consolidated financial statements are presented because of common control of NCTE and NCTEAF. All significant intercompany balances and transactions have been eliminated in the consolidation.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Grants and Contributions Receivable

Grants and contributions receivable are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional receivables are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. As of December 31, 2023 and 2022, all grants and contributions receivable are collectible within one year.

Equipment

All acquisitions of equipment in excess of $1,500 with a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Direct costs incurred during the application state of the development of the Center's website are capitalized and amortized over an estimated useful life of three years. Expenditures for minor and routine repairs and maintenance are expenses as incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are measured at readily determinable fair values and are composed of cash and money market funds, and equity securities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and the measurement date.

Unrealized gains or losses on investments are determined by the change in fair value at the beginning and end of the reporting period. Investment income is presented net of investment advisory and management fees, if any, in the accompanying consolidated statement of activities. Net realized and unrealized gains or losses on investments are included in net investment income (loss) in the accompanying consolidated statement of activities. Cash and money market funds held in investment portfolios are included in investments in the accompanying consolidated statement of financial position.

Grants and Contributions

Unconditional grants and contributions are recognized when promised and are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional amounts received that are restricted by the donor for specific time periods or purposes are reported as net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time or purpose restriction is met), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Donated Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased if not provided by donation.

Revenue Recognition

Employees of the Center speak at various companies, universities, and events, as well as hold trainings to educate individuals on transgender issues. Revenue is recognized at a point in time when the speaking and training engagements are held.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Center does not recognize short-term leases in the consolidated statement of financial position. For these leases, the Center recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. The Center also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, the Center uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis on the accompanying consolidated statement of activities. The consolidated statement of functional expenses presents expenses by function and natural classification. The Center incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Center also conducts a number of activities which benefit both its program objectives as well as supporting services. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited based on either financial or nonfinancial data, such as distribution of labor or estimates of time and effort incurred by personnel. The expenses that are allocated include salaries and related expenses, rent, telecommunications, supplies, website, insurance, and depreciation.

Income Tax Status

Under Sections 501(c)(3) and 501(c)(4) of the Internal Revenue Code, NCTE and NCTEAF, respectively, are nonprofit organizations and are exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the years ended December 31, 2023 and 2022, as the Center has no material taxable net unrelated business income.

Date of Management's Review

Management has evaluated subsequent events through November 15, 2024, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Center to significant concentrations of credit risk consist of cash deposits and investments. The Center maintains cash deposits and investments with various financial institutions that exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). The Center has not experienced any losses on its cash deposits and investments to date as it relates to FDIC or SPIC insurance limits. Management periodically assesses the financial condition of the institutions and believed that the risk of any loss is minimal. At December 31, 2023 and 2022, the Center's uninsured cash balances were approximately $1,396,000 and $1,752,000, respectively.

NOTE 3 – INVESTMENTS

Investments are comprised of the following:

	2023	2022
Cash and money market funds	$ 4,136,726	$ 3,157,519
Common stocks	-	4,944
Investments	$ 4,136,726	$ 3,162,463

Fair values of common stocks are based on the closing prices reported on the active market where the individual securities are traded, which are Level 1 fair value measurements.

NOTE 4 – LEASES

The Center entered into an office lease in December 2020 requiring monthly payments of $1,500 that expired in June 2024 with annual renewal options. Subsequent to year-end, the lease was renewed for an additional six months, expiring in December 2024.

Future minimum lease payments for the year ending December 31, 2024, are $19,260. Total rent expense for the years ended December 31, 2023 and 2022, was $18,416 and $17,763, respectively.

NOTE 5 – EQUIPMENT

Property and equipment consisted of the following:

	2023	2022
Furniture and equipment	$ 42,579	$ 22,220
Website	56,657	56,659
Total equipment	99,236	78,879
Less accumulated depreciation and amortization	(67,503)	(49,581)
Equipment, net	$ 31,734	$ 29,298

NOTE 6 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable as of December 31, 2023 and 2022 are $563,585 and $865,977, respectively. All amounts are receivable in less than one year from the consolidated statement of financial position date.

NOTE 7 – IN-KIND CONTRIBUTIONS

In-kind contributions recognized within the consolidated statement of activities include:

	2023	2022
Advertising services	$ 215,309	$ 250,013
Legal services	-	6,434
In-kind contributions	$ 215,309	$ 256,447

The Center recognized in-kind contributions within revenue on the accompanying consolidated statement of activities and statement of functional expense included with professional services. Unless otherwise noted, the in-kind contributions did not have donor-imposed restrictions.

The donated legal services are used for programmatic and general and administrative activities and are recorded at the estimated fair market value of hourly rates charged. Advertising services are used for programmatic activities and is valued at the amount charged for similar space online.

NOTE 8 – RETIREMENT PLAN

The Center maintains a 403(b) retirement plan (the Plan) for all eligible employees. Participants may make voluntary contributions up to the maximum amount allowable by law. The Center contributes up to 1% non-elective and 2% match of an employee's annual salary for all eligible employees. The Center contributed $39,357 and $41,369 to the Plan during the year-ended December 31, 2023 and 2022, respectively.

NOTE 9 – EMPLOYEE RETENTION CREDITS

During the year ended December 31, 2021, the Center claimed Employee Retention Credits (ERC) totaling $415,055 under the provisions the Coronavirus Aid, Relief, and Economic Security Act, as amended. Employers are eligible for the ERC if they experience either a significant decline in gross receipts or the full or partial suspension of operations because of governmental orders limiting commerce, travel, or group meetings due to COVID-19. The Center determined it had a significant decline in gross receipts and claimed the ERC for all calendar quarters of 2020 and the first three calendar quarters of 2021. The Internal Revenue Service (IRS) generally has five years from the date an ERC claim is filed to audit the claim. Therefore, the IRS may audit the Center's eligibility for the ERC and its substantiation of the amounts claimed. If the IRS determines the Center was ineligible for the ERC, the Center could be required to repay the amount claimed along with penalties and interest.

,NOTE 10 – PAYCHECK PROTECTION PROGRAM LOANS

The Center received loans totaling $472,962 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loans accrue interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by the Center during the covered period. Eligible expenses may include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over five years. On August 12, 2021, the SBA preliminarily approved forgiveness of the Center's first draw loan and accrued interest. On March 2, 2022, the SBA preliminarily approved forgiveness of the Center's second draw loan and accrued interest. The Center must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Center's good-faith certification concerning the necessity of its loan request, whether the Center calculated the loan amount correctly, whether the Center used loan proceeds for the allowable uses specified in the CARES Act, and whether the Center is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Center was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2023	2022
Subject to passage of time	$ 200,000	$ 100,000
Subject to expenditures for specific purposes:		
Trans Leaders	75,000	-
U.S. Transgender Survey	226,108	175,346
State Administrative Policies	183,467	235,632
Project Magpie	500,000	384,488
Trans Legal Fiscal Sponsor	22,862	26,845
Communication Support	-	125,000
Trans ID	123,732	129,124
Net assets with donor restrictions	$ 1,331,169	$ 1,176,435

NOTE 12 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The following schedule reflects the Center's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general expenditures within one year of the dates of the consolidated statement of financial position.

NOTE 12 – LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

	2023	2022
Cash	$ 1,646,527	$ 2,223,031
Grants and contributions receivable	563,585	865,977
Accounts receivable	12,822	2,500
Investments	4,136,726	3,162,463
Total financial assets at year end	6,359,660	6,253,971
Less those unavailable for general expenditures within one year due to:		
Donor restricted funds	(1,131,169)	(1,076,435)
Financial assets available to meet cash needs for general expenditures within one year	$ 5,228,491	$ 5,177,536

As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Center operates with a balanced budget and without any short or long-term non-operating debt.

NOTE 13 – SUBSEQUENT EVENT

NCTE acquired Transgender Legal Defense & Education Fund (TLDEF), an organization exempt from income taxes under section 501(c)(3) of the Internal Revenue Code on September 30, 2024. TLDEF's principal activity is to end discrimination based on gender identity and expression and to achieve equality for transgender people through public education, test-base litigation, direct legal services, and public policy efforts. As of the November 15, 2024, the total assets and liabilities NCTE will assume have not yet been determined.

As a result of the acquisition of TLDEF, the NCTE's Board voted on December 12, 2023, to change NCTE's name to Advocates for Trans Equality. This amendment was filed with the Government of the District of Columbia Department of Licensing and Consumer Protection Corporation Division.