



**NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
FINANCIAL STATEMENTS**

December 31, 2021 (with comparative totals for 2020)

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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 accompanying 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, 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of National Center for Transgender Equality and its affiliate as of December 31, 2021, and the changes in 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. 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 generally accepted auditing standards 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.

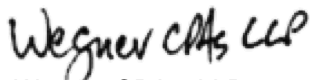
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 30, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Wegner CPAs, LLP
Alexandria, Virginia
September 6, 2022

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2021 (with comparative totals for December 31, 2020)

	2021	2020
ASSETS		
Cash	\$ 1,917,275	\$ 1,165,052
Grants and contributions receivable	1,280,880	668,091
Accounts receivable	6,000	-
Investments	2,385,192	2,373,769
Prepaid expenses and deposits	112,270	60,631
Equipment, net	8,001	15,397
Total assets	\$ 5,709,618	\$ 4,282,940
LIABILITIES		
Accounts payable and accrued expenses	\$ 156,510	\$ 29,123
Accrued payroll	278,143	77,228
Deferred rent	-	964
Security deposit payable	-	1,866
Total liabilities	434,653	109,181
NET ASSETS		
Without donor restrictions	3,832,597	2,703,621
With donor restrictions	1,442,368	1,470,138
Total net assets	5,274,965	4,173,759
Total liabilities and net assets	\$ 5,709,618	\$ 4,282,940

See accompanying notes.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2021 (with comparative totals for the year ended December 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES				
Grants and contributions	\$ 2,269,443	\$ 1,160,000	\$ 3,429,443	\$ 2,155,663
Employee Retention Credits	415,055	-	415,055	-
Paycheck Protection Program	325,456	-	325,456	147,506
Donated services	26,955	-	26,955	50,245
Rental income	2,100	-	2,100	28,293
Speaking and training	31,850	-	31,850	90
Investment income, net	871	-	871	35,123
Other income	3,514	-	3,514	756
Net assets released from restrictions:				
Satisfaction of purpose restrictions	937,770	(937,770)	-	-
Expiration of time restrictions	250,000	(250,000)	-	-
Total revenues	4,263,014	(27,770)	4,235,244	2,417,676
EXPENSES AND LOSSES				
Program services	1,874,235	-	1,874,235	1,388,669
Supporting activities				
Management and general	970,004	-	970,004	665,999
Fundraising	289,012	-	289,012	227,216
Total supporting services	1,259,016	-	1,259,016	893,215
Total expenses	3,133,251	-	3,133,251	2,281,884
Loss on disposal of equipment	787	-	787	-
Total expenses and losses	3,134,038	-	3,134,038	2,281,884
Change in net assets	1,128,976	(27,770)	1,101,206	135,792
Net assets at beginning of year	2,703,621	1,470,138	4,173,759	4,037,967
Net assets at end of year	\$ 3,832,597	\$ 1,442,368	\$ 5,274,965	\$ 4,173,759

See accompanying notes.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2021 (with comparative totals for the year ended December 31, 2020)

	Program Services						Supporting Services		2021 Total	2020 Total
	General Program, SAP, and Policy	Outreach Public Education Familiarization and Family	Direct Lobbying	Grassroots Lobbying	U.S. Transgender Survey	Electoral	Management and General	Fundraising		
Salaries and related expenses	\$ 613,521	\$ 265,268	\$ 31,789	\$ 52,411	\$ 258,068	\$ -	\$ 684,671	\$ 215,052	\$ 2,120,780	\$ 1,092,116
Consultants	44,513	102,104	2,696	60,005	128,462	175	42,715	14,731	395,401	652,226
Rent	10,616	5,399	467	463	4,302	-	6,898	4,121	32,266	168,325
Professional services	12	-	-	-	-	-	140,419	123	140,554	136,836
Telecommunications	19,870	12,734	1,300	2,039	9,537	-	13,552	12,620	71,652	62,388
Travel and meals	682	1,111	740	163	70	-	421	149	3,336	10,196
Conference, events, and meetings	13,811	766	-	22	37	-	96	8,871	23,603	4,577
Printing and publications	6,005	10,888	58	121	1,402	-	9,805	12,578	40,857	38,466
Bank fees	-	-	-	-	-	-	21,189	-	21,189	18,784
Grants and donations	8,000	-	75,000	25,000	17,500	-	-	-	125,500	10,000
Interns	-	-	-	-	-	-	-	-	-	2,000
Supplies	2,013	1,759	278	88	566	-	2,007	455	7,166	5,612
Insurance	304	148	28	16	138	-	5,478	108	6,220	7,071
Depreciation	3,078	439	29	54	759	-	4,597	291	9,247	9,530
Website	746	14,146	-	-	129	480	211	6	15,718	21,247
Advertising expenses	-	-	-	-	-	-	-	91	91	150
Dues and subscriptions	3,960	24	-	-	20	-	161	420	4,585	4,279
Staff recruitment and development	36,211	5,355	1,358	1,212	4,957	-	31,746	4,124	84,963	19,202
Other expenses	2,127	4,891	92	321	1,382	-	6,038	15,272	30,123	18,879
Total expenses	\$ 765,469	\$ 425,032	\$ 113,835	\$ 141,915	\$ 427,329	\$ 655	\$ 970,004	\$ 289,012	\$ 3,133,251	\$ 2,281,884

See accompanying notes.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2021 (with comparative totals for December 31, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,101,206	\$ 135,792
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	9,247	9,530
Loss on disposal of asset	787	-
Unrealized and realized (gain) loss from investments	7,600	(10,850)
(Increase) decrease in assets		
Grants and contributions receivable	(612,789)	436,080
Accounts receivable	(6,000)	-
Prepaid expenses and deposits	(51,639)	(679)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	127,387	(49,390)
Accrued payroll	200,915	17,128
Deferred rent	(964)	(7,523)
Security deposit payable	(1,866)	-
Net cash flows from operating activities	773,884	530,088
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,186,000	899,170
Purchases of investments	(1,205,023)	(1,113,612)
Purchases of property and equipment	(2,638)	(11,889)
Net cash flows from investing activities	(21,661)	(226,331)
Net change in cash	752,223	303,757
Cash at beginning of year	1,165,052	861,295
Cash at end of year	<u>\$ 1,917,275</u>	<u>\$ 1,165,052</u>

See accompanying notes.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 (with comparative totals for December 31, 2020)

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, 2020, from which the summarized information was derived.

Grants and Contributions Receivable

Grants and contributions receivable are comprised of unconditional promises to give and are expected to be fully collected. If an amount becomes uncollectible, it is expensed when that determination is made.

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.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 (with comparative totals for December 31, 2020)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are measured at fair value and are composed of cash and money market funds, and certificates of deposits. 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 statement of activities. Net realized and unrealized gains or losses on investments are included in net investment income (loss) in the accompanying statement of activities. Cash and money market funds held in investment portfolios are included in investments in the accompanying 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. Conditional promises to give - that is, those with a measurable performance or other barriers and a right of return - are not recognized until the conditions on which they depend have been met. There were no conditional grants and contributions as of December 31, 2021 and 2020.

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. The Center received \$26,955 and \$50,245 of donated professional services during the years ended December 31, 2021 and 2020 and are included with professional services allocated to management and general on the accompanying statement of functional expenses.

Paycheck Protection Program Loans

The Center received two loans under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loans will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. The Center expected to meet the PPP's eligibility criteria and believes the loans are, in substance, grants that are expected to be forgiven. The Center recognized amounts expected to be forgiven as revenue when it incurs qualifying expenses.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 (with comparative totals for December 31, 2020)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Employees of the Center speak at various companies, universities, and events to educate individuals on transgender issues. Revenue is recognized at a point in time, when the speaking 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.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis on the accompanying statement of activities. The 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, 2021 and 2020, as the Center has no material taxable net unrelated business income.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Date of Management's Review

Management has evaluated subsequent events through September 6, 2022, the date which the financial statements were available to be issued.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 (with comparative totals for December 31, 2020)

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 SIPC insurance limits. Management periodically assesses the financial condition of the institutions and believed that the risk of any loss is minimal. At December 31, 2021 and 2020, the Center's uninsured cash balances were approximately \$1,306,000 and \$798,000, respectively.

NOTE 3 – INVESTMENTS

Investments are comprised of the following:

	2021	2020
Cash and money market funds	\$ 2,385,192	\$ 1,182,064
Certificates of deposits	-	1,191,705
Investments	\$ 2,385,192	\$ 2,373,769

Certificates of deposits are valued using a market approach that uses as inputs observed interest rates, prices in active markets for similar assets, and prices for identical assets in inactive markets that have been adjusted by observable indexes, which are Level 2 fair value measurements.

NOTE 4 – EQUIPMENT

Property and equipment consisted of the following:

	2021	2020
Furniture and equipment	\$ 19,075	\$ 26,121
Website	32,858	32,858
Total equipment	51,933	58,979
Less accumulated depreciation	(43,932)	(43,582)
Equipment, net	\$ 8,001	\$ 15,397

NOTE 5 – LEASES

The Center had an office lease agreement that commenced on August 1, 2017, expired on January 30, 2021, and was not renewed. The lease required monthly payments of \$13,326 with 4% annual escalations. The Center entered into a new office lease in December 2020 requiring monthly payments of \$1,400 that expires in June 2022 with annual renewal options.

Future minimum lease payments for the year ending December 31, 2022 is \$8,880. Total rent expense for the years ended December 31, 2021 and 2020 was \$32,266 and \$168,325, respectively.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 (with comparative totals for December 31, 2020)

NOTE 6 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consist of the following:

	2021	2020
Receivable in less than one year	\$ 1,180,880	\$ 643,091
Receivable in more than one year	100,000	25,000
Grants and contributions receivable	\$ 1,280,880	\$ 668,091

NOTE 7 – PAYCHECK PROTECTION PROGRAM LOANS

On May 3, 2020, the Center received a \$147,506 loan 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 Center applied for and received forgiveness in full and is recorded as Paycheck Protection Program revenue on the accompanying statement of activities. 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.

On March 11, 2021, the Center received a \$325,456 loan 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 Center expected to meet the PPP's eligibility criteria and believed the loan was, in substance, a grant that is expected to be forgiven. The Center applied for and received forgiveness in full subsequent to year-end. 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 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 \$41,369 and \$26,066 to the Plan during the year ended December 31, 2021 and 2020, respectively.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 (with comparative totals for December 31, 2020)

NOTE 9 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The following schedule reflects the Center's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general expenditures within one year of the dates of the statement of financial position.

	2021	2020
Cash	\$ 1,917,275	\$ 1,165,052
Grants and contributions receivable	1,280,880	668,091
Accounts receivable	6,000	-
Investments	2,385,192	2,373,769
 Total financial assets at year end	 5,589,347	 4,206,912
 Less those unavailable for general expenditures within one year due to:		
Time restricted funds	(100,000)	(25,000)
Donor restricted funds	(1,017,368)	(1,195,138)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 4,471,979	 \$ 2,986,774

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 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2021	2020
Subject to passage of time	\$ 425,000	\$ 275,000
Subject to expenditures for specific purposes:		
U.S. Transgender Survey	379,266	568,875
State Administrative Policies	283,817	263,638
Policy	-	150,000
Outreach/Education	-	150,000
Trans Legal Fiscal Sponsor	31,238	37,625
Staff Development	-	25,000
Communication Support	220,000	-
Trans ID	103,047	-
 Net assets with donor restrictions	 \$ 1,442,368	 \$ 1,470,138