



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

December 31, 2020 (with comparative totals for 2019)

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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

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, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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, 2020, 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.

Prior Period Financial Statements

The summarized comparative information presented herein as of and for the year ended December 31, 2019, has been derived from the financial statements of the National Center for Transgender Equality and its affiliate as of December 31, 2019, which were audited by other auditors whose report dated September 24, 2020, expressed an unmodified opinion on those statements.

Wegner CPAs LLP

Wegner CPAs, LLP
Alexandria, VA
July 30, 2021

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2020 (with comparative totals for December 31, 2019)

	2020	2019
ASSETS		
Cash	\$ 1,165,052	\$ 861,295
Grants and contributions receivable	668,091	1,104,171
Investments	2,373,769	2,148,477
Prepaid expenses and deposits	60,631	59,952
Property and equipment, net	15,397	13,038
Total assets	\$ 4,282,940	\$ 4,186,933
LIABILITIES		
Accounts payable and accrued expenses	\$ 29,123	\$ 78,513
Accrued vacation	77,228	60,100
Deferred rent	964	8,487
Security deposit payable	1,866	1,866
Total liabilities	109,181	148,966
NET ASSETS		
Without donor restrictions	2,703,621	2,363,257
With donor restrictions	1,470,138	1,674,710
Total net assets	4,173,759	4,037,967
Total liabilities and net assets	\$ 4,282,940	\$ 4,186,933

See accompanying notes.

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

Year ended December 31, 2020 (with comparative totals for the year ended December 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES				
Grants and contributions	\$ 1,577,063	\$ 578,600	\$ 2,155,663	\$ 3,728,300
Paycheck Protection Program	147,506	-	147,506	-
Donated services	50,245	-	50,245	199,891
Special event income				
Gross special event income	-	-	-	185,495
Donated supplies	-	-	-	32,663
Less: Direct donor benefits	-	-	-	(71,135)
Net special event income	-	-	-	147,023
Rental income	28,293	-	28,293	35,157
Speaking and training	90	-	90	27,926
Investment income, net	35,123	-	35,123	45,831
Other income	756	-	756	872
Net assets released from restrictions:				
Satisfaction of purpose restrictions	153,172	(153,172)	-	-
Expiration of time restrictions	630,000	(630,000)	-	-
Total revenues	2,622,248	(204,572)	2,417,676	4,185,000
EXPENSES				
Program services	1,388,669	-	1,388,669	2,052,059
Supporting activities				
Management and general	665,999	-	665,999	742,809
Fundraising	227,216	-	227,216	218,782
Total supporting services	893,215	-	893,215	961,591
Total expenses	2,281,884	-	2,281,884	3,013,650
Change in net assets	340,364	(204,572)	135,792	1,171,350
Net assets at beginning of year	2,363,257	1,674,710	4,037,967	2,866,617
Net assets at end of year	<u>\$ 2,703,621</u>	<u>\$ 1,470,138</u>	<u>\$ 4,173,759</u>	<u>\$ 4,037,967</u>

See accompanying notes.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2020 (with comparative totals for the year ended December 31, 2019)

	Program Services						Supporting Services		2020 Total	2019 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	\$ 415,218	\$ 207,001	\$ 4,147	\$ 6,827	\$ 27,449	\$ 5,992	\$ 296,153	\$ 129,329	\$ 1,092,116	\$ 1,853,636
Consultants	191,287	205,457	11,714	47,018	5,167	16,039	139,771	35,773	652,226	268,077
Rent	64,787	31,099	638	1,049	3,427	1,034	46,504	19,787	168,325	168,323
Professional services	3,723	3,363	-	-	-	400	129,350	-	136,836	335,625
Telecommunications	21,594	14,461	232	460	1,478	290	16,126	7,747	62,388	95,092
Travel and meals	3,196	1,687	-	4,710	53	12	272	266	10,196	87,374
Conference, events, and meetings	45	-	-	-	-	-	1,480	3,052	4,577	77,394
Printing and publications	4,240	14,871	-	-	-	11	165	19,179	38,466	39,211
Bank fees	-	-	-	-	-	-	18,784	-	18,784	23,322
Grants and donations	10,000	-	-	-	-	-	-	-	10,000	16,575
Interns	2,000	-	-	-	-	-	-	-	2,000	16,200
Supplies	833	2,211	-	130	55	9	2,123	251	5,612	43,786
Insurance	685	335	-	11	41	10	5,778	211	7,071	8,475
Depreciation	3,070	1,690	-	13	607	-	3,145	1,005	9,530	8,222
Website	4,650	15,240	-	17	123	705	456	56	21,247	5,272
Advertising expenses	100	50	-	-	-	-	-	-	150	5,054
Dues and subscriptions	3,175	25	-	-	-	-	263	816	4,279	4,930
Other expenses	7,155	8,294	-	497	6,674	88	5,629	9,744	38,081	28,217
Total expenses	735,758	505,784	16,731	60,732	45,074	24,590	665,999	227,216	2,281,884	3,084,785
Less expenses included with revenues on the consolidated statement of activities	-	-	-	-	-	-	-	-	-	(71,135)
Total expenses included in expenses on the consolidated statement of activities	\$ 735,758	\$ 505,784	\$ 16,731	\$ 60,732	\$ 45,074	\$ 24,590	\$ 665,999	\$ 227,216	\$ 2,281,884	\$ 3,013,650

See accompanying notes.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2020 (with comparative totals for December 31, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 135,792	\$ 1,171,350
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	9,530	8,222
Loss on disposal of asset	-	3,607
Unrealized and realized (gain) loss from investments	(10,850)	(1,372)
(Increase) decrease in assets		
Grants and contributions receivable	436,080	(537,023)
Prepaid expenses and deposits	(679)	(8,039)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(49,390)	30,765
Accrued vacation	17,128	(6,091)
Deferred rent	(7,523)	(760)
Net cash flows from operating activities	530,088	660,659
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	899,170	422,177
Purchases of investments	(1,113,612)	(1,262,037)
Purchases of property and equipment	(11,889)	(6,886)
Net cash flows from investing activities	(226,331)	(846,746)
Net change in cash	303,757	(186,087)
Cash at beginning of year	861,295	1,047,382
Cash at end of year	<u>\$ 1,165,052</u>	<u>\$ 861,295</u>

See accompanying notes.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 (with comparative totals for December 31, 2019)

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 program and supporting services primarily through grants, contributions and sponsorships 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, 2019, 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. As of December 31, 2020 and 2019, grants and contributions receivable are all due in less than one year, except for \$25,000, which is due in 2022.

Property and Equipment

All acquisitions of property and 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, 2020 (with comparative totals for December 31, 2019)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are measured at fair value and are composed of cash and money market funds, certificates of deposits and marketable 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 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, 2020 and 2019.

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 \$50,245 and \$199,891 of donated professional services during the years ended December 31, 2020 and 2019 and are included with professional services allocated to management and general on the accompanying statement of functional expenses.

Paycheck Protection Program Loan

The Center received a loan 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 loan 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 loan is, in substance, a grant that is 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, 2020 (with comparative totals for December 31, 2019)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 organization 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, 2020 and 2019, as the Center has no material taxable net unrelated business income.

The Center follows the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic 740-10, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It is the Center's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

The Center performed an evaluation of uncertain tax positions for the years ended December 31, 2020 and 2019 and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. The statute of limitations generally remains open for three years with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Center files tax returns.

Reclassification

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.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 (with comparative totals for December 31, 2019)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of Management’s Review

Management has evaluated subsequent events through July 30, 2021, 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 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, 2020 and 2019, the Center’s uninsured cash balances were approximately \$798,000 and \$490,000, respectively.

NOTE 3 – INVESTMENTS

Investments are comprised of the following:

	2020	2019
Cash and money market funds	\$ 1,182,064	\$ 1,243,930
Certificates of deposits	1,191,705	900,244
Marketable securities	-	4,303
Investments	\$ 2,373,769	\$ 2,148,477

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 – EMPLOYMENT AGREEMENT

In March 2018, the Center entered into an employment agreement with one of its officers with a term from April 1, 2018 to December 31, 2021. During this term, the officer is eligible for bonuses paid at the discretion of the Board of Directors. It provides a termination obligation of up to 18 weeks of the current salary and benefits.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 (with comparative totals for December 31, 2019)

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2020	2019
Furniture and equipment	\$ 26,121	\$ 27,697
Website	32,858	20,968
Total property and equipment	58,979	48,665
Less accumulated depreciation	(43,582)	(35,627)
Property and equipment, net	\$ 15,397	\$ 13,038

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2020	2019
Subject to passage of time	\$ 275,000	\$ 705,000
Subject to expenditures for specific purposes:		
US Transgender Survey	568,875	615,671
State Administrative Policies	263,638	228,831
Policy	150,000	-
Outreach/Education	150,000	-
Trans Legal Fiscal Sponsor	37,625	34,051
Staff Development	25,000	-
Communication Support	-	32,724
Communication Project	-	25,000
Partnership Pilot Name Change Project	-	23,200
Familiarization/Public Education	-	10,233
Net assets with donor restrictions	\$ 1,470,138	\$ 1,674,710

NOTE 7 – COVID-19 CONSIDERATIONS

The Center's operations have been affected and may continue to be affected by the ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on the Center is uncertain; however, it may result in a material adverse impact on the Center's financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to the Center's donors and revenues, changed office rent costs, fewer travel expenses, slower hiring processes, reduction in certain staff hours, cancellation of the Center's events or programs, and a potential decline in value of assets held.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 (with comparative totals for December 31, 2019)

NOTE 8 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The following schedule reflects the Center’s financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general expenditures within one year of the dates of the statement of financial position.

	2020	2019
Cash	\$ 1,165,052	\$ 861,295
Grants and contributions receivable	668,091	1,104,171
Investments	2,373,769	2,148,477
 Total financial assets at year end	 4,206,912	 4,113,943
 Less those unavailable for general expenditures within one year due to:		
Donor restricted funds	(1,470,138)	(1,674,710)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 2,736,774	 \$ 2,439,233

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 9 – 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 December 2021 with annual renewal options.

Future minimum lease payments for the year ending December 31, 2021 is \$35,390. Total rent expense for the years ended December 31, 2020 and 2019 was \$168,325 and \$168,323, respectively.

NOTE 10 – 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 \$26,066 and \$39,828 to the Plan during the year ended December 31, 2020 and 2019, respectively.

NATIONAL CENTER FOR TRANSGENDER EQUALITY AND ITS AFFILIATE
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 (with comparative totals for December 31, 2019)

NOTE 11 – PAYCHECK PROTECTION PROGRAM LOAN

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 expects to meet the PPP's eligibility criteria and believes the loan is, in substance, a grant that is expected to be forgiven. The Center has not yet applied for forgiveness of the loan. 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.

Subsequent to year end, on March 12, 2021, the Center applied for and was approved a \$325,456 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are deferred until a determination of the amount of forgiveness is made. The Center is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. Any unforgiven portion is payable over five years. The Center has not yet applied for forgiveness of the loan.