
TRANSLIFELINE

FINANCIAL STATEMENTS

December 31, 2020

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

TRANSLIFELINE

Contents

Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to the Financial Statements	6-11

INDEPENDENT AUDITORS' REPORT

Board of Directors
Translifeline
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of Translifeline, which comprise the statement of financial position as of December 31, 2020, and the related statements of activity, cash flows and functional expenses 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.

Auditors' 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 Translifeline 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.


Oakland, California
September 14, 2021

TRANSLIFELINE

**Statement of Financial Position
December 31, 2020**

Assets

Assets	
Cash and cash equivalents	\$ 1,616,116
Contributions receivable	158,540
Investments (Note 3)	968,465
Prepaid expenses and deposits	29,382
Total Assets	<u>\$ 2,772,503</u>

Liabilities and Net Assets

Liabilities	
Accounts payable and accrued expenses	\$ 90,899
Accrued vacation	88,975
PPP loan (Note 5)	200,488
Total Liabilities	<u>380,362</u>
Net Assets	
Without Donor Restrictions	2,275,775
With Donor Restrictions (Note 8)	116,366
Total Net Assets	<u>2,392,141</u>
Total Liabilities and Net Assets	<u>\$ 2,772,503</u>

TRANSLIFELINE

**Statement of Activities
For the Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Individual contributions	\$ 1,464,751	\$ 26,890	\$ 1,491,641
Foundation and corporate grants	1,480,939	226,006	1,706,945
Investment activity, net (Note 3)	4,086		4,086
Other	599		599
Support provided by expiring time and purpose restrictions	494,233	(494,233)	-
Total Support and Revenue	3,444,608	(241,337)	3,203,271
Expenses			
Program	1,525,452		1,525,452
Management and general	436,182		436,182
Fundraising	287,437		287,437
Total Expenses	2,249,071	-	2,249,071
Change in Net Assets	1,195,537	(241,337)	954,200
Net assets, beginning of year	1,080,238	357,703	1,437,941
Net assets, end of year	\$ 2,275,775	\$ 116,366	\$ 2,392,141

See Notes to the Financial Statements

TRANSLIFELINE

**Statement of Cash Flows
For the Year Ended December 31, 2020**

Cash flows from operating activities:	
Change in net assets	\$ 954,200
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Donated stock	(11,411)
Investment activity	(4,086)
Change in assets and liabilities:	
Contributions receivable	62,192
Prepaid expenses	(13,463)
Accounts payable and accrued expenses	29,460
Accrued vacation	58,960
Net cash provided (used) by operating activities	<u>1,075,852</u>
Cash flows from investing activities:	
Purchase of investments	<u>(500,000)</u>
Net cash provided (used) by investing activities	<u>(500,000)</u>
Cash flows from financing activities:	
Proceeds from PPP loan	<u>200,488</u>
Net cash provided (used) by financing activities	<u>200,488</u>
Net change in cash and cash equivalents	776,340
Cash and cash equivalents, beginning of year	<u>839,776</u>
Cash and cash equivalents, end of year	<u>\$ 1,616,116</u>
Supplemental information	
Donated stock	<u>\$ 11,411</u>

See Notes to the Financial Statements

TRANSLIFELINE

**Statement of Functional Expenses
For the Year Ended December 31, 2020**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 841,803	\$ 245,609	\$ 176,912	\$ 1,264,324
Employee benefits	96,716	36,285	26,641	159,642
Payroll taxes	66,639	19,616	14,596	100,851
Total Personnel	<u>1,005,158</u>	<u>301,510</u>	<u>218,149</u>	<u>1,524,817</u>
Grants	423,829	-	-	423,829
Legal	-	2,452	-	2,452
Accounting	-	17,691	-	17,691
Professional services	24,207	64	20,185	44,456
Advertising and promotion	59	-	5,461	5,520
Supplies and office expenses	2,399	59,299	267	61,965
Information technology	32,160	10,218	11,575	53,953
Occupancy	23,545	28,436	22,746	74,727
Travel and meals	6,026	1,308	4,828	12,162
Conferences and meetings	52	-	-	52
Insurance	3,786	2,431	1,078	7,295
Dues, licenses, service fees	333	478	1,464	2,275
Training and education	2,918	8,485	597	12,000
Other	980	3,810	1,087	5,877
Total Expenses	<u>\$ 1,525,452</u>	<u>\$ 436,182</u>	<u>\$ 287,437</u>	<u>\$ 2,249,071</u>

TRANSLIFELINE

Notes to the Financial Statements For the Year Ended December 31, 2020

NOTE 1: NATURE OF ACTIVITIES

Translifeline (the Organization) is a California nonprofit public benefit corporation, founded in 2014. Its mission is to connect trans people to the community, resources, and support the need to survive and thrive, stabilizing the lives of trans people and building a resilient trans community through trans led direct services. Trans Lifeline's Hotline is there to care for trans people through moments of crisis and suicidality. Beyond immediate crisis, their Microgrants program provides low-barrier grants to people in need of legal name changes and updated government ID's, as well as specialized support for trans people who are incarcerated or undocumented. By providing care, Trans Lifeline identifies the trans community's most pressing needs and brings that expertise to the broad movement for LGBT equality.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor restrictions are perpetual in nature; There were no restrictions of this nature as of December 31, 2020.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year.

TRANSLIFELINE

Notes to the Financial Statements For the Year Ended December 31, 2020

Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributions Receivable

Contributions receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization considers all contributions receivable to be fully collectible at December 31, 2020. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Accounting for Revenue

The Organization recognizes revenue as performance obligations are satisfied.

Revenue is recognized over time when any of the following conditions are met: The customer receives and consumes the benefits provided by the Organization's performance as the Organization performs; the Organization's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or the work does not create an asset with an alternative use to the Organization and the entity has a right to payment for performance completed to date.

Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized over time as milestones are reached. Revenue from agreements based on hourly rates are recognized over time as time is expended if the Organization expects it will have an enforceable right to payment for such amounts. Revenue is recognized based on estimated progress towards complete satisfaction of the performance obligation if the Organization can reasonably measure such progress. If the Organization's efforts are expended evenly throughout the performance period, the Organization may recognize revenue on a straight-line basis over such a period.

Revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met. Revenue from the sales of goods or merchandise are recognized at the point in time when the goods or merchandise are provided to the customer.

The Organization tracks contract assets representing earned amounts that are not yet receivable separately from accounts receivable, if any. As a practical expedient the Organization disregards the effects of potential financing components if the period between payment and performance is one year or less.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless related to a donor specified restriction for a particular purpose or future period.

TRANSLIFELINE

Notes to the Financial Statements For the Year Ended December 31, 2020

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of December 31, 2020 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only 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 the Organization. There were no contributed services that met the criteria for recognition for the year ended December 31, 2020.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$2,500; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms.

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. The Organization had no property and equipment that met this capitalization policy at December 31, 2020.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or

TRANSLIFELINE

Notes to the Financial Statements For the Year Ended December 31, 2020

support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on monthly estimates of how employees are spending their time working on various programs, management and general, and fundraising activities. This information is used to calculate the Organization's monthly personnel cost ratio, which is the ratio of each program's personnel costs to the overall organizational personnel costs.

Costs that cannot be directly identified are allocated based on the personnel cost ratio.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Recent Accounting Standards

The Organization adopted *ASU 2014-09 – Revenue from Contracts with Customers (Topic 606)* during the year ended December 31, 2020. This guidance requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

NOTE 3: INVESTMENTS

Investments are stated at fair value and consist of the following as of December 31, 2020:

Cash and cash equivalents	\$ 957,327
Domestic equities – telecommunications	<u>11,138</u>
Total	<u>\$ 968,465</u>

Investment activity consisted of the following at December 31, 2020:

Interest	\$ 58
Realized and unrealized gain/(loss)	<u>4,028</u>
Total	<u>\$ 4,086</u>

NOTE 4: FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

TRANSLIFELINE

Notes to the Financial Statements
For the Year Ended December 31, 2020

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

Fair values of assets measured on recurring basis consisted were based on level 1 inputs as of December 31, 2020.

NOTE 5: PAYCHECK PROTECTION PROGRAM (PPP) LOAN

The Organization received a Paycheck Protection Program (PPP) loan of \$200,488 bearing interest of 1% with a maturity date of May 1, 2022 which it accounts for under FASB 470. Based on the guidance in *FASB ASC 405-20-40-1*, the proceeds from the loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the Organization has been “legally released or (2) the Organization pays off the loan. Future payments as follows for the years ended December 31:

2021	\$ 88,735
2022	<u>111,753</u>
Total	<u>\$ 200,488</u>

NOTE 6: COMMITMENTS

Operating Leases

The Organization is party to a lease in Oakland, California for office space that expires on December 14, 2023. Future minimum operating lease payments are as follows for years ending December 31:

2021	\$ 66,723
2022	67,695
2023	<u>66,386</u>
Total	<u>\$ 200,804</u>

Rent for the year ended December 31, 2020 was \$66,375.

NOTE 7: CONTINGENCIES

Compliance with Donor Restrictions

Grant awards require the fulfillment of certain conditions as set forth in the provisions of the grants. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization’s management is of the opinion that the Organization has complied with the terms of all grants.

TRANSLIFELINE

Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2020:

Hotline	\$ 52,866
Development	36,000
Microgrants	<u>27,500</u>
Total	<u>\$ 116,366</u>

NOTE 9: CONDITIONAL PROMISES TO GIVE

In addition to the activity reflected on the Organizations statement of activity, the Organization received certain conditional promises to give based on program performance. As of December 31, 2020, conditional promises to give totaled \$175,000. The Organization recognizes such promises to give as support once the related conditions are satisfied, and expects to meet all conditions through 2021.

NOTE 10: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2020 are:

Cash and cash equivalents	\$ 1,616,116
Contributions receivable	158,540
Investments	968,465
Less purpose-restricted net assets	<u>(116,366)</u>
Total	<u>\$ 2,626,755</u>

As part of the Organization's liquidity management plan, the Organization maintains funds in excess of daily requirements in cash and cash equivalents and short-term investments.

NOTE 11: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and has concluded that as of September 14, 2021, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

Public Health Order – Coronavirus

In March 2020, the WHO classified the COVID-19 outbreak as a pandemic and the Organization and the area it operates in was subject to a public health order related to COVID-19 coronavirus which affected activities of the Organization. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact on its financial condition, liquidity, operations and workforce.