TRANSLIFELINE

FINANCIAL STATEMENTS

December 31, 2018

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

TRANSLIFELINE

Contents

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

1970 Broadway Suite 930
Oakland, CA 94612
www.ckcpa.biz
510-835-2727

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, 2018, and the related statements of activities, 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, 2018, 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.

Crosby + Kaneda CPAs LLP

Oakland, California
September 20, 2019

TRANSLIFELINE

Statement of Financial Position
December 31, 2018

Assets

Current Assets		
Cash and cash equivalents	$	834,493
Contributions receivable		62,733
Investments (Note 3)		19,505
Prepaid expenses		18,408
Total Current Assets		935,139
Deposits		1,500
Total Assets	$	936,639

Liabilities and Net Assets

Current Liabilities		
Accounts payable and accrued expenses	$	72,842
Accrued vacation		22,393
Total Liabilities		95,235
Net Assets without Donor Restrictions		841,404
Total Liabilities and Net Assets	$	936,639

TRANSLIFELINE

Statement of Activities
For the Year Ended December 31, 2018

Support and Revenue	
Contributions	$ 1,874,639
Investment activity, net	(8,057)
Interest	44
Total Support and Revenue	1,866,626
Expenses	
Program	839,509
Management and general	280,003
Fundraising	163,107
Total Expenses	1,282,619
Change in Net Assets	584,007
Net assets without donor restrictions, beginning of year	257,397
Net assets without donor restrictions, end of year	$ 841,404

See Notes to the Financial Statements

TRANSLIFELINE

Statement of Cash Flows
For the Year Ended December 31, 2018

Cash flows from operating activities:	
Change in net assets	$ 584,007
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Donated stock	(27,562)
Investment activity	8,057
Write-off loan receivable	5,008
Loss on disposal of property and equipment	5,826
Change in assets and liabilities:	
Contributions receivable	(51,574)
Prepaid expenses	(18,183)
Deposits	(1,500)
Accounts payable and accrued expenses	41,961
Accrued vacation	22,393
Net cash provided (used) by operating activities	568,433
Net change in cash and cash equivalents	568,433
Cash and cash equivalents, beginning of year	266,060
Cash and cash equivalents, end of year	$ 834,493

TRANSLIFELINE

Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program	Management and General	Fundraising	Total
Salaries	$ 453,390	$ 119,640	$ 86,465	$ 659,495
Employee benefits	81,493	21,225	15,328	118,046
Payroll taxes	39,797	10,381	7,498	57,676
Total Personnel	574,680	151,246	109,291	835,217
Grants	130,898	-	-	130,898
Legal	10,887	17,142	2,082	30,111
Accounting	-	13,744	-	13,744
Professional services	16,424	8,697	17,556	42,677
Advertising and promotion	9,956	2,649	1,784	14,389
Supplies and office expenses	26,514	10,283	6,599	43,396
Information technology	30,398	3,552	5,692	39,642
Occupancy	9,497	5,768	5,246	20,511
Travel and meals	22,838	6,621	13,341	42,800
Conferences and meetings	1,391	227	164	1,782
Insurance	2,599	686	496	3,781
Dues, licenses, service fees	2,869	865	547	4,281
Unauthorized	-	58,102	-	58,102
Miscellaneous	558	421	309	1,288
Total Expenses	$ 839,509	$ 280,003	$ 163,107	$ 1,282,619

See Notes to the Financial Statements

Notes to the Financial Statements
For the Year Ended December 31, 2018

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-imposed 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-imposed restrictions are perpetual in nature; There were no restrictions of this nature as of December 31, 2018.

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 imposed 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.

Classification of Transactions

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

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

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 Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of December 31, 2018 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, 2018.

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 has evaluated the value of the discount and concluded that it was not material for recognition. The Organization considers all contributions receivable to be fully collectible at December 31, 2018. 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.

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.

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 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.

Changes in Accounting Principles

The Organization implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a disclosure about liquidity and availability of resources (Note 5).

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of September 20, 2019 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: INVESTMENTS

Investments at December 31, 2018 consisted of equities valued at $19,505.

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.

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 of domestic equities and were based on level 1 inputs as of December 31, 2018.

NOTE 5: 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, 2018 are:

Financial assets:	
Cash and cash equivalents	$ 834,493
Contributions receivable	62,733
Short-term investments	19,505
Amount available for general expenditures within one year	$ 916,731

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.