
TRANSLIFELINE

FINANCIAL STATEMENTS

December 31, 2022

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2021)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

TRANSLIFELINE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Translifeline
Oakland, California

Opinion

We have audited the accompanying financial statements of Translifeline (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, cash flows and functional expenses, 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 Translifeline as of December 31, 2022, 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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, including omissions, 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 the Organization'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 the Organization'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 the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crosby + Kaneda CPAs LLP
Oakland, California
July 5, 2023

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Statement of Financial Position December 31, 2022 (With Comparative Totals as of December 31, 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Assets		
Cash and cash equivalents	\$ 1,928,035	\$ 2,670,115
Contributions receivable	134,278	34,301
Investments (Note 4)	1,293,523	1,552,148
Property and equipment (Note 3)	2,440	-
Prepaid expenses and deposits	49,761	42,905
Right of use asset - operating	61,467	-
Total Assets	<u>\$ 3,469,504</u>	<u>\$ 4,299,469</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 154,911	\$ 69,088
Grants payable	38,060	133,617
Accrued vacation	163,253	136,052
Operating lease liability (Note 6)	62,409	-
Total Liabilities	<u>418,633</u>	<u>338,757</u>
Net Assets		
Without donor restrictions	2,942,534	3,850,058
With donor restrictions (Note 8)	108,337	110,654
Total Net Assets	<u>3,050,871</u>	<u>3,960,712</u>
Total Liabilities and Net Assets	<u>\$ 3,469,504</u>	<u>\$ 4,299,469</u>

See Notes to the Financial Statements

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Statement of Activities For the Year Ended December 31, 2022 (With Comparative Totals for the Year Ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
Support and Revenue				
Individual contributions	\$ 1,668,153	\$ 30,318	\$ 1,698,471	\$ 2,063,038
Foundation and corporate grants	2,823,192	155,359	2,978,551	2,711,282
Investment activity, net (Note 4)	(258,625)		(258,625)	20,778
Interest and other	10,856		10,856	911
Paycheck Protection Program			-	200,488
Support provided by expiring time and purpose restrictions	187,994	(187,994)	-	
Total Support and Revenue	<u>4,431,570</u>	<u>(2,317)</u>	<u>4,429,253</u>	<u>4,996,497</u>
Expenses				
Program	3,868,101		3,868,101	2,474,026
Management and general	867,159		867,159	513,221
Fundraising	603,834		603,834	440,679
Total Expenses	<u>5,339,094</u>	<u>-</u>	<u>5,339,094</u>	<u>3,427,926</u>
Change in Net Assets	(907,524)	(2,317)	(909,841)	1,568,571
Net assets, beginning of year	<u>3,850,058</u>	<u>110,654</u>	<u>3,960,712</u>	<u>2,392,141</u>
Net assets, end of year	<u>\$ 2,942,534</u>	<u>\$ 108,337</u>	<u>\$ 3,050,871</u>	<u>\$ 3,960,712</u>

See Notes to the Financial Statements

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Statement of Cash Flows
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (909,841)	\$ 1,568,571
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	459	-
Donated stock	-	(30,718)
Investment activity	258,625	(20,778)
PPP forgiveness	-	(200,488)
Change in assets and liabilities:		
Contributions receivable	(99,977)	124,239
Prepaid expenses and deposits	(6,856)	(13,523)
Accounts payable and accrued expenses	85,823	37,259
Grants payable	(95,557)	74,547
Accrued vacation	27,201	47,077
Operating lease liability and right of use asset	942	-
Net cash provided (used) by operating activities	(739,181)	1,586,186
Cash flows from investing activities:		
Purchase of property and equipment	(2,899)	-
Proceeds from sale of investments	-	2,099,855
Purchase of investments	-	(2,632,042)
Net cash provided (used) by investing activities	(2,899)	(532,187)
Net change in cash and cash equivalents	(742,080)	1,053,999
Cash and cash equivalents, beginning of year	2,670,115	1,616,116
Cash and cash equivalents, end of year	\$ 1,928,035	\$ 2,670,115
Supplemental information		
Donated stock	\$ -	\$ 30,718

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**Statement of Functional Expenses
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)**

	Program	Management and General	Fundraising	Total	
				2022	2021
Salaries	\$ 2,306,394	\$ 509,408	\$ 271,566	\$ 3,087,368	\$ 2,027,296
Employee benefits	265,795	69,787	35,843	371,425	236,205
Payroll taxes	189,027	40,095	21,042	250,164	164,055
Total Personnel	<u>2,761,216</u>	<u>619,290</u>	<u>328,451</u>	<u>3,708,957</u>	<u>2,427,556</u>
Grants	678,519	-	-	678,519	445,959
Professional services	218,100	167,874	106,526	492,500	249,693
Advertising and promotion	3,588	2,174	913	6,675	988
Supplies and office expenses	6,785	1,906	69,969	78,660	86,694
Information technology	105,818	30,487	42,228	178,533	81,931
Occupancy	39,255	27,631	8,545	75,431	65,309
Travel and meals	24,685	6,913	33,884	65,482	13,509
Conferences and meetings	1,357	52	4,064	5,473	1,222
Depreciation	459	-	-	459	-
Insurance	9,590	2,991	1,467	14,048	15,604
Training and education	15,990	5,786	6,679	28,455	17,740
Dues, fees and other	2,739	2,055	1,108	5,902	21,721
Total Expenses	<u>\$ 3,868,101</u>	<u>\$ 867,159</u>	<u>\$ 603,834</u>	<u>\$ 5,339,094</u>	<u>\$ 3,427,926</u>

See Notes to the Financial Statements

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Notes to the Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for the Year Ended December 31, 2021)

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 they 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, 2022.

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

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Notes to the Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for the Year Ended December 31, 2021)

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.

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, 2022. 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 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. 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. 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.

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, 2022 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. The Organization's 2020 tax returns have been selected for examination. No reasonable estimate of amount due as a result of this examination, if any, is available and the Organization has not been notified as to any amount due.

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

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**Notes to the Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)**

Organization. There were no contributed services that met the criteria for recognition for the year ended December 31, 2022.

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.

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.

Computers	5 year
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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.

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Notes to the Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for the Year Ended December 31, 2021)

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 Pronouncements

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This update was designed to increase the transparency of contribution nonfinancial assets through enhancements to presentation and disclosure. The update requires that in-kind contributions be presented as a separate line on the statement of activities, disaggregate in-kind contributions by category, describe whether contributed nonfinancial assets were monetized or utilized, disclose policies for monetization rather than utilization (if any), donor-imposed restrictions related to in-kind contributions and describe the valuation techniques used to arrive at a fair value measure of value of donated items. The Organization's adoption of this update did not have a material impact on the Organization's financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This update supersedes much of the existing authoritative guidance for leases. The update requires lessees, among other things, to recognize right-of-use assets and liabilities on their balance sheet for all leases with lease terms longer than twelve months. Further related updates included *ASU No. 2018-01*, *ASU No. 2021-05* and additional modifications and clarifications. The adoption of this standard increased the Organization's right of use asset balances as well as related operating lease liability balance. The Organization opted to adopt the following expedients and elections with respect to these updates: To adopt this ASU on a modified retrospective basis; To not reassess prior conclusions with respect to (i) whether an arrangement is or contains a lease, (ii) lease classification and (iii) initial direct costs for leases that commence prior to the adoption date of the new standard; To use hindsight with respect to determining the lease term; To exclude leases that (a) have a lease term of 12 months or less and (b) do not contain a reasonably certain purchase option; To combine non-lease components with related lease components. Management determined that the net asset impact of this adoption was not material to the financials and did not adjust opening net assets as a result of the adoption of this update. The adoption of this update increased assets and liabilities of the Organization and had no material impact on the Organizations net assets.

Prior Year Summarized 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 GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Reclassifications

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

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Notes to the Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of July 5, 2023, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2022:

Computers	\$ 2,899
Less accumulated depreciation	<u>(459)</u>
Total	<u>\$ 2,440</u>

NOTE 4: INVESTMENTS

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,579	\$ 5,105
Mutual funds and ETF's	1,291,944	1,523,695
Domestic equities	<u>-</u>	<u>23,348</u>
Total	<u>\$ 1,293,523</u>	<u>\$ 1,552,148</u>

Investment activity consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 30,816	\$ 27,205
Realized and unrealized gain/(loss)	<u>(289,441)</u>	<u>(6,427)</u>
Total	<u>\$ (258,625)</u>	<u>\$ 20,778</u>

NOTE 5: 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 value of investments measured on recurring basis were as follows as of December 31, 2022.

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**Notes to the Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)**

	<u>Level 1</u>	
Cash and cash equivalents	\$	1,579
Mutual funds and ETF's:		
Fixed income		631,011
Equities		477,319
Blended		104,372
Real estate		<u>79,242</u>
Total		<u>\$ 1,293,523</u>

NOTE 6: OPERATING LEASE LIABILITY

The Organization leases office space under a non-cancelable lease in Oakland, California that expires December 2023. The Organization uses the risk free rate of 4.5% as its discount rate in order to determine present value. Minimum future payments due under this lease were as follows for the year ended December 31, 2023:

Total payments	\$	69,624
Less amounts representing interest		<u>(7,215)</u>
Total		<u>\$ 62,409</u>

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.

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Hotline	\$ 63,609	\$ 9,036
Communications	12,098	-
Microgrants	<u>32,630</u>	<u>101,618</u>
Total	<u>\$ 108,337</u>	<u>\$ 110,654</u>

NOTE 9: 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, 2022 are:

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Notes to the Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

Cash and cash equivalents	\$ 1,928,035
Contributions receivable	134,278
Investments	1,293,523
Less purpose-restricted net assets	<u>(108,337)</u>
Total	<u>\$ 3,247,499</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.