

GLOBAL ACTION FOR TRANS* EQUALITY INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2021

WITH SUMMARIZED COMPARATIVE INFORMATION

FOR THE YEAR ENDED

DECEMBER 31, 2020

GLOBAL ACTION FOR TRANS* EQUALITY INC.

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(With summarized comparative information for the year ended December 31, 2020)

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RICH AND BANDER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PETER R. RICH, CPA

JONATHAN A. BANDER, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Global Action for Trans* Equality, Inc.
New York, NY

Opinion

We have audited the accompanying financial statements of Global Action for Trans* Equality, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Action for Trans* Equality, Inc. as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Global Action for Trans* Equality, Inc. 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 Global Action for Trans* Equality, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Global Action for Trans* Equality, Inc.'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 Global Action for Trans* Equality, Inc.'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 Global Action for Trans* Equality, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rich and Bander, LLP

New York, NY
November 7, 2022

RICH AND BANDER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

GLOBAL ACTION FOR TRANS* EQUALITY INC.**STATEMENT OF FINANCIAL POSITION****DECEMBER 31, 2021****(With summarized comparative information for the year ended December 31, 2020)**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,171,764	\$ 897,682
Grants and contributions receivable	140,664	118,172
Prepaid expenses	5,222	1,964
Note receivable	-	4,242
Total current assets	<u>1,317,650</u>	<u>1,022,060</u>
Property and equipment, net of accumulated depreciation	1,466	2,890
Other assets		
Grants and contributions receivable, non-current	-	100,000
Total other assets	<u>-</u>	<u>100,000</u>
TOTAL ASSETS	<u><u>\$ 1,319,116</u></u>	<u><u>\$ 1,124,950</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 99,807	\$ 91,389
Deferred revenue	81,710	-
Total current liabilities	<u>181,517</u>	<u>91,389</u>
Net assets		
Without donor restrictions		
Undesignated	880,747	469,454
Board designated - operating reserve fund	53,000	53,000
Total without donor restrictions	<u>933,747</u>	<u>522,454</u>
With donor restrictions	203,852	511,107
Total net assets	<u>1,137,599</u>	<u>1,033,561</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,319,116</u></u>	<u><u>\$ 1,124,950</u></u>

The accompanying notes are an integral part of these financial statements.

GLOBAL ACTION FOR TRANS* EQUALITY INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With summarized comparative information for the year ended December 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenue and support				
Grants and contributions				
Foundations and other	\$ 509,662	\$ 170,000	\$ 679,662	\$ 675,000
Government	63,765	-	63,765	157,696
Individuals	24,553	-	24,553	1,644
In-kind contributions	-	-	-	34,922
Total grants and contributions	597,980	170,000	767,980	869,262
Program service revenue				
Service fees	212,687	-	212,687	94,787
Total program service revenue	212,687	-	212,687	94,787
Other income				
Interest income	115	-	115	90
Miscellaneous income	83	-	83	1,073
Total other income	198	-	198	1,163
Net assets released from restrictions	477,255	(477,255)	-	-
Total revenue and support	1,288,120	(307,255)	980,865	965,212
Expenses				
Program services				
Depathologization	184,198	-	184,198	210,798
International HIV response	367,835	-	367,835	325,510
Movement Building	102,937	-	102,937	83,452
United Nations	75,442	-	75,442	90,901
Supporting services				
Management and general	72,569	-	72,569	51,453
Fundraising	73,846	-	73,846	27,632
Total expenses	876,827	-	876,827	789,746
Change in net assets	411,293	(307,255)	104,038	175,466
Net assets - beginning of year	469,454	511,107	980,561	858,095
Net assets - end of year	\$ 880,747	\$ 203,852	\$ 1,084,599	\$ 1,033,561

GLOBAL ACTION FOR TRANS* EQUALITY INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

(With summarized comparative information for the year ended December 31, 2020)

	Program Services					Management & General	Fundraising	2021 Total	2020 Total
	Depathologization	International HIV Response	Movement Building	United Nations	Total				
Consulting fees	\$ 136,169	\$ 116,529	\$ 52,441	\$ 48,705	353,844	\$ 12,483	\$ 16,324	\$ 382,651	\$ 405,549
Wages and salaries	21,087	68,425	37,133	19,761	146,406	14,968	32,865	194,239	193,499
Regrants	-	146,992	-	-	146,992	-	-	146,992	-
Professional fees	19,403	11,281	1,497	878	33,059	36,756	12,401	82,216	19,509
Employee benefits	3,444	10,301	5,760	3,082	22,587	2,463	5,109	30,159	37,964
Payroll taxes	1,605	8,579	4,889	2,124	17,197	1,185	4,599	22,981	22,584
Office expenses	1,373	3,166	611	448	5,598	976	1,327	7,901	8,869
Insurance	261	520	146	107	1,034	1,343	104	2,481	2,481
Computer software and database	246	491	138	101	976	257	861	2,094	1,700
Bank charges	-	98	-	-	98	1,912	25	2,035	1,022
Depreciation	299	597	167	123	1,186	118	120	1,424	1,382
Equipment	184	367	103	75	729	72	74	875	-
Travel	92	406	52	38	588	36	37	661	49,414
Publication and marketing	-	50	-	-	50	-	-	50	19,635
Telecommunications	10	33	-	-	43	-	-	43	1,180
Conference registration and fees	25	-	-	-	25	-	-	25	10,390
Trainings	-	-	-	-	-	-	-	-	12,818
Meeting expense	-	-	-	-	-	-	-	-	1,750
	\$ 184,198	\$ 367,835	\$ 102,937	\$ 75,442	\$ 730,412	\$ 72,569	\$ 73,846	\$ 876,827	\$ 789,746

The accompanying notes are an integral part of these financial statements.

GLOBAL ACTION FOR TRANS* EQUALITY INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With summarized comparative information for the year ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 104,038	\$ 175,466
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation	1,424	1,382
(Increase) decrease in operating assets:		
Grants and contributions receivable	77,508	(81,091)
Prepaid expenses	(3,258)	-
Security deposits	-	9,809
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	8,418	42,622
Deferred revenue	81,710	(40,882)
Total adjustments	<u>165,802</u>	<u>(68,160)</u>
Net cash provided by operating activities	<u>269,840</u>	<u>107,306</u>
Cash flows from investing activities:		
Repayments on note receivable	4,242	1,242
Acquisition of office equipment	-	(2,932)
Net cash provided by (used in) investing activities	<u>4,242</u>	<u>(1,690)</u>
Net increase in cash and cash equivalents	274,082	105,616
Cash and cash equivalents, beginning of year	897,682	792,066
Cash and cash equivalents, end of year	<u><u>\$ 1,171,764</u></u>	<u><u>\$ 897,682</u></u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

GLOBAL ACTION FOR TRANS* EQUALITY INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Global Action for Trans* Equality Inc. (the “Organization”) was organized as a not-for-profit corporation on August 12, 2014 under the laws of the State of New York. The Organization became independent from fiscal sponsorship on January 1, 2016. The Organization is an international advocacy and expert organization focused on gender identity, gender expression and sex characteristics. The Organization is working to advance trans, gender diverse and intersex people’s full access to human rights by advocating within human rights frameworks at the international level alongside allies and like-minded movements. The Organization seeks to strengthen trans, gender diverse and intersex movements by increasing their access to financial and technical resources, strengthening their institutional and political capacity, expanding their engagement with key processes, and supporting the safety, development and wellbeing of their activists. The Organization’s programs are as follows:

Depathologization – trans, gender diverse and intersex people have been historically pathologized by psycho-medical and legal institutions. The Organization is working internationally to advance depathologization, while ensuring all people’s full access to legal gender recognition, gender affirming healthcare and its coverage. It is also advocating for many human rights violations to be recognized as rooted in pathologization (e.g., ‘normalizing’ procedures on intersex infants, ‘conversion’ therapies, and other forms of torture and ill treatment in psycho-medical institutions).

International HIV Response – trans and gender diverse and intersex people are still disproportionately affected by HIV worldwide; however, access to information, to resources and to decision-making continues to be extremely limited. The Organization engages in the international HIV response by challenging this historic exclusion and creating new opportunities for meaningful participation.

Movement Building – trans, gender diverse and intersex movements are chronically affected by very limited access to financial and organizational resources. The Organization works to support its movements by advocating to increase resources to fully fund community-led initiatives.

United Nations – human rights violations based on gender identity, gender expression and sex characteristics have received insufficient attention from the international human rights system. In a moment when that attention is more needed than ever, the Organization is working to change this situation by increasing the meaningful engagement of trans, gender diverse and intersex activists with the United Nations, and by expanding human rights frameworks to be fully inclusive.

Socioeconomic Justice - globally, trans, gender diverse and intersex communities are disproportionately affected by poverty, marginalized or excluded from basic rights such as education, employment, healthcare and sanitation. The Organization addresses these issues in all areas of its work.

GLOBAL ACTION FOR TRANS* EQUALITY INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Nature of the Organization (Cont'd)

The Organization's programs are supported primarily by foundation, corporate, government and individual donor contributions.

Basis of Accounting

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

Cash, Cash Equivalents

The Organization considers all highly liquid investments, except those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$1,500 at cost, if purchased, or at fair value on the date of receipt, if donated. Depreciation for property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

	<u>Years</u>
Equipment	3

Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is reported. Expenditures for major renewals and improvements that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Revenue, Revenue Recognition, and Receivables

Grants and Contributions – Grants (from government and foundations) and contributions (from individuals, corporations, and other sources) are recognized when cash, securities or other assets; an unconditional promise to give; or notification of a beneficial interest is received. A portion of grant revenue is derived from cost-reimbursable government contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as grant advance in the statement of financial position. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of release/return, are not recognized until the conditions on which they depend have been substantially met.

GLOBAL ACTION FOR TRANS* EQUALITY INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue, Revenue Recognition, and Receivables (Cont'd)

Grants and Contributions Receivable – Grants and contributions receivable represent grants and contributions that have been unconditionally promised but not collected as of the financial statement date. Amounts expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Organization uses the allowance method to determine uncollectible grants and contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

In-Kind and Contributed Services – The value of services, facilities and non-capitalized equipment donated is recorded as contributions with or without donor restrictions and expensed in the year donated. These contributions are valued at the estimated fair value of similar services and materials. Donated assets are capitalized at fair value at the date of donation and recorded as in-kind contributions with or without donor restrictions, depending on the wishes of the donor. A number of volunteers have donated significant amounts of their time to the Organization in connection with its programs. Directors and officers have made a significant contribution of their time to develop the Organization and its programs. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services. These donated services do not create or enhance a nonfinancial asset nor require a specialized skill that the contributors have and would typically need to be purchased if not provided through donation.

Service Fees – The Organization recognizes revenues when control of the promised goods or services is transferred to its customers in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services. Service fees revenue consists of amounts received under a grant contract accounted for as an exchange transaction. Under the arrangement, the Organization received a 25% advance payment (mobilization payment) upon execution of the contract. Further progress payments are due periodically throughout the term of the grant period as the Organization submits invoices to the resource provider for qualified expenses as outlined in the contract. The Organization satisfies its performance obligations as services are rendered and therefore recognizes service fees revenue over time. The Organization primarily uses the 'as invoiced' practical expedient to recognize revenue because it typically has the right to consideration from the resource provider in an amount that corresponds directly with the value of its performance to date. The Organization does not have any significant financing components as payment is received shortly after invoices are submitted to the resource provider.

Accounts Receivable – Accounts receivable represent service fees that have been earned but not collected as of the financial statement date at amounts expected to be collected. The Organization uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific receivables. Management determined that an allowance at year end was not necessary.

GLOBAL ACTION FOR TRANS* EQUALITY INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contract Balances

Contract assets are recognized when the Organization has satisfied a contract obligation but must satisfy other performance obligations before being entitled to payment, or when the Organization has the right to bill a customer before satisfying any or some of the performance obligations. Contract liabilities are recognized when the Organization has an obligation to perform services to a customer for which the Organization has received advanced consideration or when payment is due prior to satisfying any or some of the performance obligations.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor - (or certain grantor) - imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Comparative Data

The amounts shown for the year ended December 31, 2020 in the accompanying financial statements are included to provide a basis for comparison with 2021 and present summarized totals only. Accordingly, the 2020 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

GLOBAL ACTION FOR TRANS* EQUALITY INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The new standard establishes a right-of-use (“ROU”) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) which requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement activities and provide additional disclosures about contributions of nonfinancial assets. Contributed nonfinancial assets, commonly referred to as gifts-in-kind, include fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The ASU is effective for annual periods beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted.

The Organization is currently evaluating the effect these updates will have on its financial statements.

Publication and Marketing

The Organization’s policy is to expense publication and marketing costs as they are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Organization to use estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

GLOBAL ACTION FOR TRANS* EQUALITY INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Compensated Absences

Employees of the Organization are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes. However, any unrelated business income may be subject to taxation. Currently, the Organization has no obligation for any unrelated business income tax. The Organization's Form 990, *Return of Organizations Exempt from Income Tax*, for the years ended December 31, 2020, 2019 and 2018 are subject to examination by the Internal Revenue Service, generally for three years after it was filed.

The Organization has evaluated its current tax positions and has concluded that as of December 31, 2021, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

2) FAIR VALUE MEASUREMENTS

The Organization's financial instruments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Accounting Standards Codification 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; level 2, defined as inputs other than the quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. At December 31, 2021, no investments at fair value are noted in the statement of financial position.

GLOBAL ACTION FOR TRANS* EQUALITY INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

3) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restriction limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 1,041,764
Grants and contributions receivable	<u>100,664</u>
Total	<u>\$ 1,142,428</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization has a policy for investment of cash in short-term investments.

4) FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include wages and salaries, employee benefits, payroll taxes and office expenses, which are allocated on the basis of estimates of time and effort.

5) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment less accumulated depreciation as of December 31, 2021. Depreciation expense for the year then ended was \$1,424.

Equipment	\$ 5,613
Less: accumulated depreciation	<u>4,147</u>
	<u>\$ 1,466</u>

6) GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at December 31, 2021 consists of the following:

Arcus Foundation	\$ 100,000
International Aids Society	40,000
Burson Cohn & Wolfe	<u>664</u>
	<u>\$ 140,664</u>

The Organization believes its receivables to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the year then ended. One contributor accounted for approximately 71% of total grants and contributions revenue for the year ended December 31, 2021.

GLOBAL ACTION FOR TRANS* EQUALITY INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

8) DISSAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates the Organization's revenue based on the timing of satisfaction of performance obligations for the year ended December 31, 2021:

Revenue recognized over time:	
Service fees	<u>\$ 212,687</u>

9) CONTRACT BALANCES

The Organization does not have any opening balances for contract assets or such balances for the year ended December 31, 2021. The Organization has contract liabilities totaling \$71,710 for the year ended December 31, 2021, which represent deferred revenue on the statement of financial position.

The following table provides information about significant changes in the contract liabilities for the year ended December 31, 2021:

Deferred revenue, beginning of year	\$ -
Revenue recognized that was included in deferred revenue at the beginning of year	-
Increase in deferred revenue due to cash received during the period	<u>81,710</u>
Deferred revenue, end of year	<u>\$ 81,710</u>

10) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following periods or purposes:

Subject to the expenditure for specified purpose:	
Elevating Trans Voices Against Gender Ideology	\$ 100,000
AIDS 2022 Civil Society Outreach Activities	40,000
Advancing the Human Rights of Intersex People	<u>30,000</u>
Total	<u>\$ 170,000</u>

Subject to the passage of time:	
For periods after December 31, 2021	<u>33,852</u>
Total	<u>\$ 203,852</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2021:

Expiration of time restrictions	\$ 464,398
Satisfaction of purpose restrictions:	
Intersex People's Health and Human Rights	<u>12,857</u>
Total	<u>\$ 477,255</u>

GLOBAL ACTION FOR TRANS* EQUALITY INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

11) EMPLOYEE BENEFIT PLANS

The Organization has a 401(k) Savings Plan (the “Plan”) available to employees that are 18 years of age. Employees may contribute to the plan up to the maximum amount allowed by the Internal Revenue Code. The Plan provides for employer matching contributions of 50% of the first 8% of employee contributions up to 4% of an employee’s compensation. Organization matching contributions amounted to \$3,800 for the year ended December 31, 2021.

12) BOARD-DESIGNATED NET ASSETS

The Board of Directors has established an operating reserve fund to build and maintain an adequate level of net assets without donor restrictions to support the Organization's day-to-day operations in the event of unforeseen shortfalls. The operating reserves are maintained in an investment fund, with surplus unrestricted operating funds. The target amount for the reserve fund is \$175,000. No operating reserve funds were used during the year ended December 31, 2021. As of December 31, 2021, the balance of the operating reserve fund was \$53,000.

The Board of Directors has also established the Opportunity Reserve fund, a board-designated fund intended to provide funds to meet special targets of opportunity that further the mission of the Organization which may or may not have specific expectations of incremental or long-term increased income. The Opportunity Reserve fund is also intended as a source of internal funds for organizational capacity building such as staff development, research and development, or investment in long-term capacity building. For the year ended December 31, 2021, there was no amount designated to the Opportunity Reserve fund. The Organization does not consider its board-designated funds to be quasi-endowment funds.

13) CONCENTRATIONS OF RISK

The Organization maintains its cash balances at a major financial institution. The balances, at times, may exceed federally insured limits. As of December 31, 2021, uninsured balances totaled \$544,227. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash balances.

The Organization maintains investment balances at a major financial institution. The investment balances are insured by the Securities Investor Protection Corporation (“SIPC”) up to \$500,000 per customer, which includes a \$250,000 limit for cash. The SIPC does not protect investors from market risk. At December 31, 2021, the Organization’s uninsured cash balances totaled \$126,694.

The Organization received approximately 72% of its total grants and contributions from two foundation donors.

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14) PUBLICATION AND MARKETING

For the year ended December 31, 2021, publication and marketing costs totaled \$50.

15) COVID-19 AND SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization recognized the novel strain of coronavirus COVID-19, as a pandemic. In direct response, on March 22, 2020, the Governor of New York State issued executive order *New York State on PAUSE*, which closed all non-essential businesses state-wide. The coronavirus outbreak has severely impacted economic activity across the world. The Organization's Board of Directors and Management are in discussion to identify and limit the negative long-term implications of this pandemic to the Organization.

Management has evaluated subsequent events through November 7, 2022, which is the date the financial statements were available to be issued.