

GLOBAL ACTION FOR TRANS* EQUALITY INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2022

WITH SUMMARIZED COMPARATIVE INFORMATION

FOR THE YEAR ENDED

DECEMBER 31, 2021

GLOBAL ACTION FOR TRANS* EQUALITY INC.

TABLE OF CONTENTS

DECEMBER 31, 2022

(With summarized comparative information for the year ended December 31, 2021)

	Page No.
INDEPENDENT AUDITOR'S REPORT	1-3
FINANCIAL STATEMENTS:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-17

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, 2022, 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, 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 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, as of and for the year ended December 31, 2022, The Global Action for Trans* Equality, Inc. adopted Accounting Standards Update 2016-02, *Leases* (Topic 842), using the modified retrospective transition method. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, as of and for the year ended December 31, 2022, Global Action for Trans* Equality, Inc. adopted Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), using the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Global Action for Trans* Equality, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 7, 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.

Rich and Bander, LLP

New York, NY
October 12, 2023

GLOBAL ACTION FOR TRANS* EQUALITY INC.**STATEMENT OF FINANCIAL POSITION****DECEMBER 31, 2022****(With summarized comparative information for the year ended December 31, 2021)**

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,475,611	\$ 1,171,764
Grants and contributions receivable	28,061	140,664
Prepaid expenses	3,235	5,222
Security deposits	25,640	-
Total current assets	<u>1,532,547</u>	<u>1,317,650</u>
Noncurrent assets		
Grants and contributions receivable, net	188,452	-
Property and equipment, net	489	1,466
Total noncurrent assets	<u>188,941</u>	<u>1,466</u>
TOTAL ASSETS	<u>\$ 1,721,488</u>	<u>\$ 1,319,116</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 84,945	\$ 99,807
Deferred revenue	69,374	81,710
Total current liabilities	<u>154,319</u>	<u>181,517</u>
Net assets		
Without donor restrictions		
Undesignated	640,319	880,747
Board designated - operating reserve fund	53,000	53,000
Total without donor restrictions	<u>693,319</u>	<u>933,747</u>
With donor restrictions	873,850	203,852
Total net assets	<u>1,567,169</u>	<u>1,137,599</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,721,488</u>	<u>\$ 1,319,116</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, 2022
(With summarized comparative information for the year ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Totals	2021 Totals
Revenue and support				
Grants and contributions				
Foundations and other	\$ 450,447	\$ 773,794	\$ 1,224,241	\$ 679,662
Corporate	1,870	78,508	80,378	-
Special events contributions	21,062	-	21,062	-
Individuals	15,271	-	15,271	24,553
Government	121	-	121	63,765
Total grants and contributions	488,771	852,302	1,341,073	767,980
Program service revenue				
Project fees under service contracts	110,173	-	110,173	212,687
Total program service revenue	110,173	-	110,173	212,687
Other income				
Miscellaneous income	4,837	-	4,837	83
Interest income	131	-	131	115
Total other income	4,968	-	4,968	198
Net assets released from restrictions	182,304	(182,304)	-	-
Total revenue and support	786,216	669,998	1,456,214	980,865
Expenses				
Program services	791,887	-	791,887	730,412
Supporting services				
Management and general	111,018	-	111,018	72,569
Fundraising	123,739	-	123,739	73,846
Total expenses	1,026,644	-	1,026,644	876,827
Change in net assets	(240,428)	669,998	429,570	104,038
Net assets - beginning of year	933,747	203,852	1,137,599	1,033,561
Net assets - end of year	\$ 693,319	\$ 873,850	\$ 1,567,169	\$ 1,137,599

GLOBAL ACTION FOR TRANS* EQUALITY INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

(With summarized comparative information for the year ended December 31, 2021)

	Program Services				Management and General	Fundraising	2022 Totals	2021 Totals
	Human Rights	Health	Movement Building	Totals				
Consulting fees	\$ 128,589	\$ 106,964	\$ 42,219	\$ 277,772	\$ 675	\$ 22,529	\$ 300,976	\$ 382,651
Regrants	-	-	256,988	256,988	-	-	256,988	146,992
Wages and salaries	40,367	40,390	40,178	120,935	44,651	63,552	229,138	194,239
Professional fees	2,986	1,946	3,099	8,031	47,053	12,338	67,422	82,216
Travel	11,418	38,670	15,577	65,665	256	321	66,242	661
Employee benefits	10,240	10,195	10,234	30,669	8,637	15,055	54,361	30,159
Payroll taxes	3,800	3,819	3,808	11,427	3,945	6,367	21,739	22,981
Office expenses	2,145	2,655	3,079	7,879	1,550	1,008	10,437	7,901
Meeting expense	50	3,277	1,067	4,394	24	31	4,449	-
Insurance	206	214	387	807	2,125	127	3,059	2,481
Staff development	725	405	733	1,863	440	240	2,543	-
Equipment	2,349	25	45	2,419	12	15	2,446	875
Conference registration and fees	1,760	-	305	2,065	-	-	2,065	25
Computer software and database	-	-	-	-	-	2,025	2,025	2,094
Bank charges	-	-	-	-	1,553	9	1,562	2,035
Depreciation	195	202	365	762	95	120	977	1,424
Telecommunications	30	168	13	211	2	2	215	43
Publication and marketing	-	-	-	-	-	-	-	50
	\$ 204,860	\$ 208,930	\$ 378,097	\$ 791,887	\$ 111,018	\$ 123,739	\$ 1,026,644	\$ 876,827

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, 2022
(With summarized comparative information for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 429,570	\$ 104,038
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation	977	1,424
(Increase) decrease in operating assets:		
Grants and contributions receivable	(75,849)	77,508
Prepaid expenses	1,987	(3,258)
Security deposits	(25,640)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(14,862)	8,418
Deferred revenue	(12,336)	81,710
Total adjustments	<u>(125,723)</u>	<u>165,802</u>
Net cash provided by operating activities	<u>303,847</u>	<u>269,840</u>
Cash flows from investing activities:		
Repayments on note receivable	-	4,242
Net cash provided by investing activities	<u>-</u>	<u>4,242</u>
Net increase in cash and cash equivalents	303,847	274,082
Cash and cash equivalents, beginning of year	1,171,764	897,682
Cash and cash equivalents, end of year	<u><u>\$ 1,475,611</u></u>	<u><u>\$ 1,171,764</u></u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	<u>\$ -</u>	<u>\$ -</u>

GLOBAL ACTION FOR TRANS* EQUALITY INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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:

Human Rights – The Organization works to increase the meaningful engagement of trans, gender diverse and intersex activists within international human rights frameworks, including engaging with UN processes. Specifically, the Organization works to counter anti-gender narratives towards trans and gender diverse people, and towards the eradication of human rights violations towards intersex people.

Health -The Organization works towards safe, equitable and affordable access to healthcare for trans, gender diverse and intersex communities globally by engaging with international health institutions and processes, including WHO, UNAIDS, the Global Fund and other UN-based institutions. Specifically, the Organization works on HIV-related healthcare, gender-affirming healthcare, and protecting the bodily integrity of intersex people in healthcare settings.

Movement Building – The Organization works to increase the capacity and financial sustainability of trans, gender diverse and intersex organizations globally, through provision of sub-grants, online training and mentorship, and cross-regional networks and consortiums. Specifically, the Organization hosts a GATE eLearning Institute, collaborates with trans, gender diverse and intersex national and regional organizations, and hosts a consortium for regional trans organizations focused on building the movement globally.

The Organization’s programs are supported primarily by foundation, corporate, government and individual donor contributions, as well as program service revenues.

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”).

GLOBAL ACTION FOR TRANS* EQUALITY INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Cash and 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 and 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

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. 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.

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.

Contributed Nonfinancial Assets – 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 nonfinancial assets. 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.

GLOBAL ACTION FOR TRANS* EQUALITY INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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

Special Events – The exchange element of special events is recognized as special events revenue equal to the fair value of direct benefits to donors when the special event takes place or if the fair value amount is impracticable to obtain, the actual cost or non-tax deductibility is used. The excess amount is the contribution element, which is recognized immediately, unless there is a right of return if the special event does not take place.

Project Fees under Service Contracts – 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. Services 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.

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.

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.

GLOBAL ACTION FOR TRANS* EQUALITY INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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.

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.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (“ROU”) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

As at December 31, 2022, the Organization does not have any lease arrangements.

GLOBAL ACTION FOR TRANS* EQUALITY INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Publication and Marketing

The Organization's policy is to expense publication and marketing costs as they are incurred. There were no publication and marketing costs for the year ended December 31, 2022.

Adoption of Accounting Standard

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 ASU establishes a ROU model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with terms 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. On January 1, 2022, the Organization has adopted ASU 2016-02, using the modified retrospective transition method. There were no material changes to the financial statements upon adoption.

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. This standard became effective for annual reporting periods beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022. On January 1, 2022, the Organization adopted ASU 2020-07, using the modified retrospective transition method. There were no material changes to the financial statements upon adoption.

Comparative Data

The amounts shown for the year ended December 31, 2021 in the accompanying financial statements are included to provide a basis for comparison with 2022 and present summarized totals only. Accordingly, the 2021 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, 2021, from which the summarized information was derived.

GLOBAL ACTION FOR TRANS* EQUALITY INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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. The organization is unable to reasonably 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, 2021, 2020 and 2019 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, 2022, 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, 2022, 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, 2022

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:

<u>Financial assets at year-end</u>	<u>Gross amount</u>	<u>Less: Amounts not available to be used within one year</u>	<u>Financial assets available to meet general expenditures within one year</u>
Cash and cash equivalents	\$ 1,475,611	\$ 258,224	\$ 1,217,387
Grants and contributions receivable	216,513	4,118	212,395
Security deposits	<u>25,640</u>	<u>-</u>	<u>25,640</u>
Total	<u>\$ 1,717,764</u>	<u>\$ 262,342</u>	<u>\$ 1,455,422</u>

The Organization is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. 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. To help manage unanticipated liquidity needs, the Organization's Board of Directors (the "Board") established a board-designated operating reserve fund (see Note 10). These reserve funds could be made available at any time to meet cash requirements for general expenditures at the discretion of the board.

4) GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at December 31, 2022 consists of the following:

Arcus Foundation	\$ 188,452
Elton John Aids Foundation	22,214
Stichting Aidsfonds – Soa Aids Nederland	5,000
Others	<u>847</u>
	<u>\$ 216,513</u>

As of December 31, 2022, the net present value of the grants and contributions receivable are as follows:

Amounts due:	
Within one year	\$ 28,061
Due in one to five years	<u>200,000</u>
	228,061
Less: unamortized discount	<u>(11,548)</u>
	<u>\$ 216,513</u>

The Organization believes its receivables to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the year then ended. Grants and contributions receivable after one year are discounted to net present value using discount rate of 4.37%

GLOBAL ACTION FOR TRANS* EQUALITY INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

5) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment less accumulated depreciation as of December 31, 2022. Depreciation expense for the year then ended was \$977.

Equipment	\$ 5,613
Less: accumulated depreciation	<u>5,124</u>
	<u>\$ 489</u>

6) 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, 2022:

Revenue recognized over time:	
Service fees	<u>\$ 110,173</u>

7) CONTRACT BALANCES

The Organization does not have any opening balances for contract assets or such balances for the year ended December 31, 2022. The Organization has contract liabilities totaling \$69,374 for the year ended December 31, 2022, 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, 2022:

Deferred revenue, beginning of year	\$ 81,710
Revenue recognized that was included in deferred revenue at the beginning of year	(81,710)
Increase in deferred revenue due to cash received during the period	<u>69,374</u>
Deferred revenue, end of year	<u>\$ 69,374</u>

8) 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	\$ 110,595
Project Support: Trans men: the forgotten group amongst left behind populations in the HIV response	78,508
Love Alliance	45,229
Project Support: WHO Guidelines, Values and Preferences	40,153
Organization of AIDS Civil Society Outreach Activities	<u>10,953</u>
Total	285,438

Subject to the passage of time:	
For periods after December 31, 2022	<u>588,412</u>
Total	<u>\$ 873,850</u>

GLOBAL ACTION FOR TRANS* EQUALITY INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

8) NET ASSETS WITH DONOR RESTRICTIONS (CONT'D)

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, 2022:

Expiration of time restrictions	\$ 33,852
Satisfaction of purpose restrictions:	
Elevating Trans Voices Against Gender Ideology	89,405
Advancing the Human Rights of Intersex People	30,000
Organization of AIDS 2022 Civil Society Outreach Activities	<u>29,047</u>
Total	<u>\$ 182,304</u>

9) 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 \$4,328 for the year ended December 31, 2022.

10) 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, 2022. As of December 31, 2022, 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, 2022, there was no amount designated to the Opportunity Reserve fund. The Organization does not consider its board-designated funds to be quasi-endowment funds.

GLOBAL ACTION FOR TRANS* EQUALITY INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

11) 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, depreciation, and office expenses, which are allocated on the basis of estimates of time and effort.

12) 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, 2022, uninsured balances totaled \$844,058. 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, 2022, the Organization’s uninsured cash balances totaled \$131,531.

During the year ended December 31, 2022, the Organization received approximately 71% of its total grants and contributions revenue from one foundation donor. As of December 31, 2022, approximately 87% of the grants and contributions receivable is from one foundation donor. The concentration from the contributor does not make the Organization vulnerable to a risk of severe near-term impact because the Organization only spends money according to the amount received from the contributors and other revenue.

13) SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 12, 2023, which is the date the financial statements were available to be issued. Management is not aware of any material subsequent events.