

The GenderCool Project

Financial Statements

December 31, 2021

The GenderCool Project

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EZZY & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The GenderCool Project
Highland Park, IL

Opinion

We have audited the accompanying financial statements of The GenderCool Project (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statement 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 The GenderCool Project as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 GenderCool Project 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 GenderCool Project's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 The GenderCool Project'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 GenderCool Project'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.

E3zy & Associates LLC

Darien, IL

November 4th, 2022

The GenderCool Project
Statement of Financial Position
December 31, 2021

<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$	843,420
Accounts Receivable		5,928
Prepaid Insurance		<u>236</u>
Total Current Assets		\$ <u>849,584</u>
Total Assets		\$ <u><u>849,584</u></u>
 <u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts Payable	\$	28,868
Payroll Liabilities		<u>46,657</u>
Total Current Liabilities		\$ 75,525
Net Assets:		
With Donor Restrictions	\$	640,000
Without Donor Restrictions		<u>134,059</u>
Total Net Assets		<u>774,059</u>
Total Liabilities and Net Assets		\$ <u><u>849,584</u></u>

See Independent Auditor's Report and Notes to the Financial Statements.

The GenderCool Project
Statement of Activities
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Percent of Revenue</u>
Revenues and Other Support:				
Contributions:				
Individuals	\$ 108,655	\$ -0-	\$ 108,655	8 %
Corporations	183,476	-0-	183,476	14
Foundations	30,673	-0-	30,673	2
Grants	<u>320,000</u>	<u>640,000</u>	<u>960,000</u>	<u>74</u>
Total Contributions	\$ <u>642,804</u>	\$ <u>640,000</u>	\$ <u>1,282,804</u>	<u>99 %</u>
Royalty Income	\$ <u>13,373</u>	\$ <u>-0-</u>	\$ <u>13,373</u>	<u>1 %</u>
Total Revenues and Other Support	\$ 656,177	\$ 640,000	\$ 1,296,177	100 %
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Revenues and Other Support	\$ <u>656,177</u>	\$ <u>640,000</u>	\$ <u>1,296,177</u>	<u>100 %</u>
Operating Expenses:				
Program Services	\$ 544,903	\$ -0-	\$ 544,903	42 %
Management and General	78,928	-0-	78,928	6
Fundraising	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Operating Expenses	\$ <u>623,831</u>	\$ <u>-0-</u>	\$ <u>623,831</u>	<u>48 %</u>
Increase (Decrease) in Net Assets	\$ <u>32,346</u>	\$ <u>640,000</u>	\$ <u>672,346</u>	<u>52 %</u>
Net Assets: Beginning of Year	\$ <u>101,713</u>	\$ <u>-0-</u>	\$ <u>101,713</u>	
Net Assets: End of Year	<u>\$ 134,059</u>	<u>\$ 640,000</u>	<u>\$ 774,059</u>	

See Independent Auditor's Report and Notes to the Financial Statements.

The GenderCool Project
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash Flows From Operating Activities:		
Increase in Net Assets	\$	672,346
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
(Increase) Decrease in Operating Assets:		
Accounts Receivable	\$	(5,928)
Prepaid Insurance		(236)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable		28,868
Payroll Liabilities		46,657
Total Adjustments		<u>69,361</u>
Net Cash Provided by Operating Activities	\$	741,707
Cash and Cash Equivalents at Beginning of Year		<u>101,713</u>
Cash and Cash Equivalents at End of Year	\$	<u><u>843,420</u></u>
Supplemental Disclosures:		
Cash Paid During the Period for Interest	\$	<u><u>-0-</u></u>
Cash Paid During the Period for Income Taxes	\$	<u><u>-0-</u></u>

See Independent Auditor's Report and Notes to the Financial Statements.

The GenderCool Project
Statement of Functional Expenses
For the Year Ended December 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Functional Expenses:			
Advocacy and Outreach	\$ 136,127	\$ -0-	\$ \$ 136,127
Automobile Expense	186	1,057	1,243
Bank Fees	-0-	68	68
Contributions	100	-0-	100
Dues and Subscriptions	4,186	465	4,651
Information Technology Expense	652	73	725
Insurance	-0-	2,414	2,414
Meals and Entertainment	-0-	3,158	3,158
Mentorship Expense	226	-0-	226
Miscellaneous Expense	718	-0-	718
Office Expense	1,844	16,600	18,444
Payroll Taxes	9,629	1,699	11,328
Postage	535	59	594
Professional Services	-0-	31,686	31,686
Salaries and Wages	121,762	21,488	143,250
Subcontracted Services	228,575	-0-	228,575
Travel and Lodging	39,720	-0-	39,720
Utilities	643	161	804
	<u>544,903</u>	<u>78,928</u>	<u>623,831</u>
Total Functional Expenses	\$ <u>544,903</u>	\$ <u>78,928</u>	\$ \$ <u>623,831</u>

See Independent Auditor's Report and Notes to the Financial Statements.

The GenderCool Project
Notes to the Financial Statements
December 31, 2021

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

The GenderCool Project (the Organization) is a not-for-profit Corporation that was incorporated in 2017 under the laws of the State of Illinois. The Organization is a youth-led movement that focuses on education, inclusivity, and direct positive interactions to help overcome misinformed opinions about transgender and nonbinary young people. The Organization believes that progress happens through engaging in powerful, positive, personal experiences. The Organization is focused on four main pillars: Leadership, Education, Advocacy and Visibility. It is the Organization's mission to change and save lives by generating greater acceptance and support for the leaders of tomorrow. The accompanying financial statements include the activities of the Organization.

Basis of Accounting

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities in two classes of net assets:

- *Net assets without donor restrictions* are net assets not subject to donor-imposed restrictions or law.
- *Net assets with donor restrictions* are net assets subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. Contributions restricted by donors whose restrictions are met in the same reporting periods are recorded as without restrictions. Net assets whose use is limited by donor-imposed restrictions are recorded as net assets with restrictions and are released from restrictions when donor stipulations have been met.

Change in Accounting Principle

In fiscal year 2021, the Organization adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 605) and ASU No. 2014-09 *Revenue from Contracts with Customers* (Topic 606). This standard was adopted by the Organization effective January 1, 2021 using the modified retrospective method and elected to apply the standard only to contracts that were not completed as of that date. There were no material changes in the timing of recognition of revenue and therefore there was no adjustment to the opening balance of net assets without donor restrictions.

Advertising Costs

The Organization expenses the costs of advertising and promotional literature during the year incurred. For the year ended December 31, 2021, the Organization did not incur any advertising costs.

The GenderCool Project
Notes to the Financial Statements
December 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The Organization follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. This guidance establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair values into Levels 1, 2, and 3.

Level 1 inputs consist of unadjusted quoted prices in active markets for identical instruments and have the highest priority. Level 2 inputs include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or inputs other than quoted prices that are directly or indirectly observable. Level 3 inputs are unobservable and are given the lowest priority.

For purposes of financial reporting, the Organization has determined that the fair values of its financial instruments, which include cash equivalents, accounts receivable and accounts payable, approximate the carrying values at December 31, 2021, based on their short maturities and/or the terms available to the Organization in financial markets.

Accounts Receivable and Bad Debts

The Organization carries an accounts receivable, which consists of royalty monies owed to the Organization. The Organization uses the direct write-off method to account for Bad Debts. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Contributed Materials and Services

From time to time, materials are donated to the Organization by various individuals, corporations or other organizations, and are reflected in the accompanying financial statements at their fair values at the date of donation.

No amounts have been reflected in the financial statements for donated services. The organization generally pays for services requiring specific expertise. However, a few individuals volunteered their time to perform a variety of tasks that assisted the Organization, but these services do not meet the criteria for recognition as contributed services.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The GenderCool Project
Notes to the Financial Statements
December 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Standard

During the year ended December 31, 2021, the Organization adopted Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Topic 606 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard was adopted by the Organization effective January 1, 2021 using the modified retrospective method and elected to apply the standard only to contracts that were not completed as of that date. There were no material changes in the timing of recognition of revenue and therefore there was no adjustment to the opening balance of net assets without donor restrictions.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities, other assets or an unconditional promise to give is received. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met. Membership dues collected prior to the fiscal year to which they apply are deferred and recognized as revenue over the period to which the dues relate.

All contributions are considered to be available for use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these net assets are reclassified to contributions without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without restrictions.

Partnership Arrangements – The Organization engages in various partnership arrangements in which the Organization makes themselves available for various engagement activities and educational experiences for donors who meet certain criteria. The Organization recognizes revenue from these arrangements when the engagement is formalized and agreed to as an unconditional promise to give since these arrangements do not call for the donation to be returned if the engagement activities are unused.

Significant Judgements – Significant judgement is required in determining the appropriate approach to applying the revenue recognition criteria. Although Topic 606 is generally applied to an individual contract with a customer, the Organization applies this guidance to a portfolio of contracts (or performance obligations) with similar characteristics as a practical expedient. The Organization reasonably expects that the effects of applying this guidance to the portfolio would not differ materially from applying the guidance to the individual contracts (or performance obligations) within the portfolio.

The GenderCool Project
Notes to the Financial Statements
December 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Expense Allocation

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Promises to Give

Unconditional promises to give are recognized as contributions in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefit received. Promises to give are recorded at net realizable value if they are expected to be collected within one year and at net present value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are met.

Property and Equipment

Property and equipment are stated at cost or at the fair value at the date of donation in the case of donated assets. The Organization provides for depreciation and amortization of property and equipment by use of the straight-line method over estimated useful lives as follows:

Computer Equipment	3 Years
Furniture and Equipment	5 to 10 Years

At December 31, 2021, the Organization has not purchased any property or equipment that would require capitalization under the Organization's capitalization policies. Accordingly, depreciation expense was \$0 for the year ended December 31, 2021.

Note 2 - Cash and Cash Equivalents

The Organization considers all cash held in checking, savings and money market accounts as well as all highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

Cash and cash equivalents at December 31, 2021 consist of the following:

	2021
Checking Accounts:	
Chase Bank	\$ 843,420
Total checking accounts	\$ 843,420
Total cash and cash equivalents	\$ 843,420

The GenderCool Project
Notes to the Financial Statements
December 31, 2021

Note 3 – Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash, cash equivalents and investments. Cash and cash equivalents are maintained at high-quality financial institutions and accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. *(At December 31, 2021 the Organization did have uninsured amounts)*. The Organization has not experienced any losses on its cash or cash equivalents.

Note 4 – Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Organization is also exempt from state income taxes under Section 501(c)(3) of the Revenue and Taxation Code of the State of Illinois.

The Organization has applied the provisions of the FASB's ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Under ASC 740-10, nonpublic enterprises, including nonprofit organizations, are required to record a tax liability when substantial uncertainties exist as to whether certain income is exempt from federal, state and local income tax. As of December 31, 2021, the Organization had no substantial uncertain income tax positions.

Note 5 – Net Assets

Net assets were restricted by donors or designated by the Organization as follows at December 31:

	<u>2021</u>
Net Assets Without Donor Restrictions:	
Designated for Future Operating Needs	\$ -0-
Undesignated	\$ 134,059
Total Net Assets Without Donor Restrictions	<u>\$ 134,059</u>
 Net Assets With Donor Restrictions	
Restricted Grant Funds	\$ 640,000
Total Net Assets With Donor Restrictions	<u>\$ 640,000</u>
 Total Net Assets	<u><u>\$ 774,059</u></u>

The GenderCool Project
Notes to the Financial Statements
December 31, 2021

Note 6 – Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2021</u>
Financial assets available to meet cash needs	
For general expenditure within one year	\$849,348

Note 7 – Uncertainties due to COVID-19 Pandemic

On March 10, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 pandemic a national emergency, invoking powers under the Stafford Act, the legislation that directs federal emergency disaster response. The Organization cannot predict how legal and regulatory responses to concerns about COVID-19 or other major public health issues will impact the Organization. The magnitude, timing, and duration of any such potential financial impacts cannot be reasonably estimated at this time. The effects of the pandemic are expected to continue into the year 2022.

Note 8 – Date of Management Review and Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 4, 2022, the date that the financial statements were available to be issued.

As of November 4, 2022, there were no subsequent events that materially affect the financial statements.