

**THE TREVOR PROJECT**  
**(A NONPROFIT ORGANIZATION)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JULY 31, 2014**  
**(WITH COMPARATIVE TOTALS**  
**FOR THE YEAR ENDED JULY 31, 2013)**

**THE TREVOR PROJECT**  
**(A NONPROFIT ORGANIZATION)**  
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**July 31, 2014**

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## INDEPENDENT AUDITOR'S REPORT



To the Board of Directors  
The Trevor Project  
(A Nonprofit Organization)  
West Hollywood, California

### Report on the Financial Statements

We have audited the accompanying financial statements of The Trevor Project (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of July 31, 2014, the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors  
The Trevor Project  
(A Nonprofit Organization)  
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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Trevor Project as of July 31, 2014 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.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 10, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "SingerLewak LLP". The signature is written in a cursive, flowing style.

SingerLewak LLP

Los Angeles, California  
January 15, 2015

**THE TREVOR PROJECT**  
**(A NONPROFIT ORGANIZATION)**  
**STATEMENT OF FINANCIAL POSITION**  
**July 31, 2014**  
**(with Comparative Totals at July 31, 2013)**

|  | <b>ASSETS</b>       |                     |
|--|---------------------|---------------------|
|  | 2014                | 2013                |
| <b>Assets</b>                            |                     |                     |
| Cash and cash equivalents                | \$ 2,020,464        | \$ 2,685,710        |
| Restricted cash                          | 85,140              | 85,000              |
| Pledges receivable                       | 215,739             | 179,300             |
| Prepaid expenses and other assets        | 94,454              | 71,216              |
| Property and equipment, net              | 189,470             | 250,698             |
| <b>Total assets</b>                      | <b>\$ 2,605,267</b> | <b>\$ 3,271,924</b> |
| <b>LIABILITIES AND NET ASSETS</b>        |                     |                     |
| <b>Liabilities</b>                       |                     |                     |
| Accounts payable                         | \$ 27,883           | \$ 74,744           |
| Accrued expenses                         | 276,520             | 89,872              |
| Capital lease obligations                | 5,422               | 8,981               |
| Deferred rent                            | 33,565              | 22,322              |
| Total liabilities                        | 343,390             | 195,919             |
| <b>Commitments (Note 6)</b>              |                     |                     |
| <b>Net assets</b>                        |                     |                     |
| Unrestricted                             | (205,542)           | 710,013             |
| Unrestricted – board-designated (Note 2) | 2,285,000           | 2,285,000           |
| Temporarily restricted                   | 182,419             | 80,992              |
| Total net assets                         | 2,261,877           | 3,076,005           |
| <b>Total liabilities and net assets</b>  | <b>\$ 2,605,267</b> | <b>\$ 3,271,924</b> |

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

**THE TREVOR PROJECT**  
**(A NONPROFIT ORGANIZATION)**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended July 31, 2014**  
**(with Comparative Totals for the Year Ended July 31, 2013)**

|  | Unrestricted               | Temporarily<br>Restricted | 2014<br>Total              | 2013<br>Total              |
|--|----------------------------|---------------------------|----------------------------|----------------------------|
| <b>Revenue and support</b>                   |                            |                           |                            |                            |
| Contributions                                | \$ 3,109,021               | \$ 150,000                | \$ 3,259,021               | \$ 2,853,646               |
| Grants                                       | 521,202                    | -                         | 521,202                    | 473,000                    |
| Special events, net of \$954,989 of expenses | 819,923                    | -                         | 819,923                    | 1,126,825                  |
| In-kind contributions                        | 587,751                    | -                         | 587,751                    | 523,568                    |
| Other income                                 | 24,803                     | -                         | 24,803                     | 11,591                     |
| Net assets released from restrictions        | 48,573                     | (48,573)                  | -                          | -                          |
|  | <u>5,111,273</u>           | <u>101,427</u>            | <u>5,212,700</u>           | <u>4,988,630</u>           |
| <b>Functional expenses</b>                   |                            |                           |                            |                            |
| Program services                             | 4,879,457                  | -                         | 4,879,457                  | 4,020,246                  |
| General and administrative                   | 472,125                    | -                         | 472,125                    | 379,685                    |
| Fundraising                                  | 675,246                    | -                         | 675,246                    | 610,655                    |
|  | <u>6,026,828</u>           | <u>-</u>                  | <u>6,026,828</u>           | <u>5,010,586</u>           |
| <b>Changes in net assets</b>                 | (915,555)                  | 101,427                   | (814,128)                  | (21,956)                   |
| <b>Net assets, beginning of year</b>         | <u>2,995,013</u>           | <u>80,992</u>             | <u>3,076,005</u>           | <u>3,097,961</u>           |
| <b>Net assets, end of year</b>               | <u><b>\$ 2,079,458</b></u> | <u><b>\$ 182,419</b></u>  | <u><b>\$ 2,261,877</b></u> | <u><b>\$ 3,076,005</b></u> |

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

**THE TREVOR PROJECT**  
**(A NONPROFIT ORGANIZATION)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended July 31, 2014**

**(with Comparative Totals for the Year Ended July 31, 2013)**

|                                    | Program<br>Services        | General and<br>Administrative | Fundraising              | 2014<br>Total              | 2013<br>Total              |
|------------------------------------|----------------------------|-------------------------------|--------------------------|----------------------------|----------------------------|
| <b>Personnel expenses</b>          |                            |                               |                          |                            |                            |
| Salaries                           | \$ 2,186,679               | \$ 188,972                    | \$ 323,952               | \$ 2,699,603               | \$ 2,282,538               |
| Payroll taxes                      | 216,944                    | 18,748                        | 32,140                   | 267,832                    | 197,913                    |
| Employee benefits                  | <u>441,089</u>             | <u>38,119</u>                 | <u>65,346</u>            | <u>544,554</u>             | <u>313,294</u>             |
| Total personnel expenses           | <u>2,844,712</u>           | <u>245,839</u>                | <u>421,438</u>           | <u>3,511,989</u>           | <u>2,793,745</u>           |
| <b>Other expenses</b>              |                            |                               |                          |                            |                            |
| Advertising and public relations   | 5,845                      | 650                           | 722                      | 7,217                      | 4,051                      |
| Bad debt expense                   | -                          | 2,812                         | -                        | 2,812                      | 35,183                     |
| Conferences and events             | 23,454                     | -                             | 5,501                    | 28,955                     | 14,102                     |
| Equipment                          | 211,631                    | 23,072                        | 26,127                   | 260,830                    | 225,988                    |
| Events                             | -                          | -                             | -                        | -                          | 85,190                     |
| Interest expense                   | -                          | 442                           | -                        | 442                        | 649                        |
| Occupancy costs                    | 368,699                    | 40,966                        | 45,518                   | 455,183                    | 378,427                    |
| Office supplies                    | 24,303                     | 2,700                         | 3,000                    | 30,003                     | 22,736                     |
| Postage costs                      | 24,591                     | 2,732                         | 3,036                    | 30,359                     | 32,917                     |
| Printing                           | 85,372                     | 9,486                         | 10,540                   | 105,398                    | 113,297                    |
| Processing fees and other expenses | 59,747                     | 6,638                         | 7,376                    | 73,761                     | 58,139                     |
| Professional services              | 675,308                    | 75,034                        | 83,371                   | 833,713                    | 563,057                    |
| Resource development               | 88,788                     | 9,865                         | 10,961                   | 109,614                    | 134,762                    |
| Telephone                          | 86,350                     | 9,594                         | 10,661                   | 106,605                    | 110,332                    |
| Travel                             | 175,045                    | 19,449                        | 21,611                   | 216,105                    | 209,060                    |
| Visibility                         | 156,017                    | 17,335                        | 19,262                   | 192,614                    | 172,708                    |
| Depreciation and amortization      | <u>49,595</u>              | <u>5,511</u>                  | <u>6,122</u>             | <u>61,228</u>              | <u>56,243</u>              |
| Total other expenses               | <u>2,034,745</u>           | <u>226,286</u>                | <u>253,808</u>           | <u>2,514,839</u>           | <u>2,216,841</u>           |
| <b>Total functional expenses</b>   | <b><u>\$ 4,879,457</u></b> | <b><u>\$ 472,125</u></b>      | <b><u>\$ 675,246</u></b> | <b><u>\$ 6,026,828</u></b> | <b><u>\$ 5,010,586</u></b> |

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

**THE TREVOR PROJECT**  
**(A NONPROFIT ORGANIZATION)**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended July 31, 2014**  
**(with Comparative Totals for the Year Ended July 31, 2013)**

|   | 2014                | 2013                |
|---|---------------------|---------------------|
| <b>Cash flows from operating activities</b>   |                     |                     |
| Change in net assets  | \$ (814,128)        | \$ (21,956)         |
| Adjustments to reconcile changes in net assets to net cash used in operating activities |                     |                     |
| Depreciation and amortization   | 61,228              | 56,243              |
| Provision for bad debts   | (39,108)            | 39,108              |
| Changes in assets and liabilities   |                     |                     |
| Increase in   |                     |                     |
| Pledges receivable  | 2,669               | (206,408)           |
| Prepaid expenses and other assets   | (23,238)            | (27,514)            |
| Increase (decrease) in  |                     |                     |
| Accounts payable  | (46,861)            | 40,784              |
| Accrued expenses  | 186,648             | 21,907              |
| Deferred rent   | 11,243              | 22,322              |
| Net cash used in operating activities   | (661,547)           | (75,514)            |
| <b>Cash flows from investing activities</b>   |                     |                     |
| Cash transferred to restricted cash   | (140)               | (85,000)            |
| Purchase of property and equipment  | -                   | (169,488)           |
| Net cash used in investing activities   | (140)               | (254,488)           |
| <b>Cash flows from financing activities</b>   |                     |                     |
| Principal payments of capital lease obligations   | (3,559)             | (3,352)             |
| Net cash used in financing activities   | (3,559)             | (3,352)             |
| <b>Net decrease in cash and cash equivalents</b>  | (665,246)           | (333,354)           |
| <b>Cash and cash equivalents, beginning of year</b>                                     | 2,685,710           | 3,019,064           |
| <b>Cash and cash equivalents, end of year</b>   | <b>\$ 2,020,464</b> | <b>\$ 2,685,710</b> |
| <b>Supplemental disclosures of cash flow information</b>                                |                     |                     |
| <b>Cash payments for</b>  |                     |                     |
| Interest  | <b>\$ 442</b>       | <b>\$ 649</b>       |

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

**THE TREVOR PROJECT**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

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**NOTE 1 – GENERAL**

Organization and Nature of Activities

The Trevor Project (the “Organization”), a 501(c)(3) nonprofit organization, is the leading national provider of crisis intervention and suicide prevention services to lesbian, gay, bisexual, transgender and questioning (“LGBTQ”) young people ages 13–24. Founded in 1998 by the creators of the Academy Award®-winning short film TREVOR, The Trevor Project offers innovative suicide prevention services that are accredited by the American Association of Suicideology, including the 24/7 free and confidential Trevor Lifeline (1-866-488-7386) and instant messaging intervention services through TrevorChat. The Organization also operates the largest online social network specifically for young LGBTQ people, TrevorSpace.org. Other programs include Ask Trevor, a forum for youth to ask questions and receive responses from trained volunteers, TrevorText, a free, confidential, secure service in which LBGQT young people can text a trained Trevor counselor for support and crisis intervention and a suite of suicide prevention education programs including Trevor Lifeguard, Trevor CARE and Trevor Ally Workshops. The Organization also supports policy change at the federal and state level to enhance the mental health and well-being of LGBTQ young people through targeted interventions that address risk factors for suicide. Honored by the White House as a “Champion of Change,” The Trevor Project has received and maintained a four-star rating from Charity Navigator for the year ended July 31, 2013. Learn more at [www.TheTrevorProject.org](http://www.TheTrevorProject.org).

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements as of and for the fiscal year ended July 31, 2013, from which the summarized information was derived.

**THE TREVOR PROJECT**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Accounting (Continued)

The Organization classifies revenues, gains, expenses and losses based on the existence or absence of donor-imposed restrictions. The net assets of the Organization and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Organization. The board of directors has specifically designated \$1,800,000 of unrestricted net assets as a contingency fund which includes approximately four months of operating expenses and requires board of directors’ approval prior to being used by the Organization and \$485,000 for capital expenditures. These designated funds consist of \$2,285,000 of cash and cash equivalents.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the accompanying financial statements as net assets released from restrictions. Donor-restricted contributions received and expended in the same reporting period are recorded as unrestricted support.
- *Permanently restricted net assets* – Net assets that are restricted by the donors for investment in perpetuity. The Organization has no permanently restricted net assets as of July 31, 2014 and 2013.

Estimates

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Restricted Cash

Restricted cash consists of an amount held by the bank to provide for a letter of credit. The letter of credit is explained further in Note 6.

**THE TREVOR PROJECT**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Pledges Receivable

Unconditional promises to give that are expected to be collected in future periods are recorded at net present value. An allowance for uncollectible receivables is based on specifically identified receivables using the age of the receivable and historical collection experience. Management believes all pledges receivable outstanding at July 31, 2014 are collectible.

Property and Equipment

Property and equipment are stated at cost or at their estimated fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful life of the assets. Amortization of leasehold improvements is provided using the straight-line method over the remaining term of the lease or the useful life of the improvement, whichever is shorter.

The estimated useful lives of the related assets are as follows:

|                                   |  |
|-----------------------------------|--|
| Computers, website and software   | 3–5 years  |
| Furniture, fixtures and equipment | 5 years  |
| Leasehold improvements            | Shorter of initial lease period<br>or useful life of asset |

The depreciation expense on assets acquired under capital leases are included with depreciation expense on owned asset.

Deferred Rent

The Organization recognizes benefits of rent abatement as well as escalating rent provisions on a straight-line basis over the term of the lease.

Revenue Recognition

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with grantor stipulations that limit the use of the donated assets. When a grantor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contribution and fundraising revenues are recognized in the period in which the revenues are earned.

In-kind Contributions

Contributions of donated noncash assets are recorded at their fair values in the period in which they are received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation are recorded at their fair value in the period in which they are received.

**THE TREVOR PROJECT**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In-kind Contributions (Continued)

The Organization records contributed rent for its headquarters and San Francisco call center, which is measured as the difference between the rent's fair market value per square foot and the actual amount paid. This contribution is recorded as revenue and expense in the period in which the facilities are occupied, as the rental agreement is on a month-to-month basis. As a result, during the years ended July 31, 2014 and 2013, the Organization recorded \$11,453 for in-kind rent.

For the year ended July 31, 2014, the Organization also recorded in-kind contributions of \$87,159 and \$495,327 related to legal services and consulting services, respectively. For the year ended July 31, 2013, the Organization recorded in-kind contributions of \$16,788 and \$495,327 related to legal services and consulting services, respectively.

Members of the board of directors made additional contributions of time to participate in the Organization's programs, activities and fundraising. The value of these services is not reflected in these financial statements, since the value is indeterminable. In addition, members of the board of directors made cash contributions to support special events.

Advertising

Advertising expenses are charged to expense as incurred. For the years ended July 31, 2014 and 2013, advertising expense was \$7,217 and \$4,051, respectively.

Expense Allocation

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

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California. Accordingly, no provisions for income taxes or related credits are included in these financial statements.

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic No. 740, "Uncertainty in Income Taxes" ("ASC 740"), the Organization recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. To date, the Organization has not recorded any uncertain tax positions.

**THE TREVOR PROJECT**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes (Continued)

The Organization recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the year ended July 31, 2014, the Organization performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

| <u>Jurisdiction</u> | <u>Open Tax Years</u> |
|---------------------|-----------------------|
| Federal             | 2010–2013             |
| State               | 2009–2013             |

Fair Value of Financial Instruments

FASB ASC Topic No. 820, “Fair Value Measurements” (“ASC 820”), applies to all assets and liabilities that are recognized or disclosed at fair value. ASC 820 defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. In addition to defining fair value, ASC 820 expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs.

The statement requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3: Unobservable inputs that are not corroborated by market data

In general and where applicable, the Organization uses quoted prices in active markets for identical assets or liabilities to determine fair value. If quoted prices in active markets for identical assets or liabilities are not available to determine fair value, then they use quoted prices for similar assets or inputs other than the quoted prices that are observable either directly or indirectly.

In accordance with ASC 820, the Organization classified all of its cash and cash equivalents in the Level 1 fair value hierarchy measured at fair value on a recurring basis at July 31, 2014.

The carrying amounts of pledges receivables, prepaid expenses and other assets, accounts payable and accrued expenses approximate their fair value because of the short maturity of these instruments. The carrying amounts of capital lease obligations approximate their fair value, as these financial instruments earn or are charged interest based on prevailing rates.

**THE TREVOR PROJECT**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Concentration of Credit Risk

The Organization maintains its cash balances with several financial institutions that, from time to time, exceed amounts insured by the Federal Deposit Insurance Corporation. To date, the Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

**NOTE 3 – PLEDGES RECEIVABLE**

At July 31, 2014 and 2013, the Organization had receivables that represented unconditional promises to donate funds by various individuals and organizations.

|                                      | 2014              | 2013              |
|--------------------------------------|-------------------|-------------------|
| Due in less than 1 year              | \$ 183,320        | \$ 157,416        |
| Due in 1–5 years                     | 32,419            | 60,992            |
|                                      | 215,739           | 218,408           |
| Less allowance for doubtful accounts | -                 | (39,108)          |
| <b>Total pledges receivable, net</b> | <b>\$ 215,739</b> | <b>\$ 179,300</b> |

At July 31, 2014, three pledges accounted for approximately 60% of total outstanding pledges receivable. At July 31, 2013, one pledge accounted for approximately 37% of total outstanding pledges receivable.

**THE TREVOR PROJECT**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 4 – PROPERTY AND EQUIPMENT AND CAPITAL LEASES**

Property and equipment at July 31, 2014 and 2013 is as follows:

|  | 2014              | 2013              |
|--|-------------------|-------------------|
| Computers and software                         | \$ 296,280        | \$ 296,280        |
| Furniture, fixtures and equipment              | 103,091           | 103,091           |
| Leasehold improvements                         | 7,189             | 7,189             |
| Website  | 158,666           | 158,666           |
| <br>   |                   |                   |
| Total property and equipment                   | 565,226           | 565,226           |
| Less accumulated depreciation and amortization | (375,756)         | (314,528)         |
| <br>   |                   |                   |
| <b>Property and equipment, net</b>             | <b>\$ 189,470</b> | <b>\$ 250,698</b> |

Depreciation and amortization expense totaled \$61,228 and \$56,243 for the years ended July 31, 2014 and 2013, respectively.

Property and equipment costs at July 31, 2014 include office equipment under lease that has been capitalized and expire in December 2015 for a total of \$15,491 with related accumulated depreciation of \$12,568.

The balance of the capital lease liability at July 31, 2014 was \$5,422. Future minimum lease payments under the capital lease are as follows:

| Lease Amount Year                 |           |              |
|-----------------------------------|-----------|--------------|
| <u>Ending July, 31,</u>           |           |              |
| 2015                              | \$        | 4,001        |
| 2016                              |           | 1,667        |
| Less amount representing interest |           | (246)        |
| <br>                              |           |              |
| <b>Total</b>                      | <b>\$</b> | <b>5,422</b> |

**THE TREVOR PROJECT**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at July 31, 2014 were available for the following purposes:

|                         | Available<br>July<br><u>31, 2013</u> | Revenue, Net             | Releases<br>from<br>Restriction | Available<br>July<br><u>31, 2014</u> |
|-------------------------|--------------------------------------|--------------------------|---------------------------------|--------------------------------------|
| Time                    | \$ 80,992                            | \$ -                     | \$ (48,573)                     | \$ 32,419                            |
| Call center operations  | -                                    | 50,000                   | -                               | 50,000                               |
| Trevor Live Los Angeles | -                                    | <u>100,000</u>           | -                               | <u>100,000</u>                       |
| <b>Total</b>            | <b><u>\$ 80,992</u></b>              | <b><u>\$ 150,000</u></b> | <b><u>\$ (48,573)</u></b>       | <b><u>\$ 182,419</u></b>             |

**NOTE 6 – COMMITMENTS**

Operating Leases

The Organization has certain equipment and office space under noncancelable operating leases with terms up to thirty months and expiring through 2020. Total rental expense was \$321,876 and \$284,526 for the years ended July 31, 2014 and 2013, respectively. Future minimum lease payments are as follows:

| For the Years<br><u>Ending July, 31,</u> |                            |
|--|----------------------------|
| 2015                                     | \$ 262,017                 |
| 2016                                     | 198,140                    |
| 2017                                     | 203,588                    |
| 2018                                     | 209,187                    |
| 2019 and thereafter                      | <u>323,867</u>             |
| <b>Total</b>                             | <b><u>\$ 1,196,799</u></b> |

Letter of Credit

The Organization maintains a letter of credit in the amount of \$85,000 in accordance with the terms of one of the office facility lease agreements. The landlord may draw up to the full amount of the letter of credit, pursuant to the terms of the lease agreement.

**THE TREVOR PROJECT**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

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**NOTE 7 – 403(b) DEFERRED COMPENSATION PLAN**

The Organization has a defined-contribution retirement 403(b) plan available for all eligible employees. Employees participate on a voluntary basis and make contributions up to \$17,500. The Organization matches the employees' contributions up to 3% of the employees' compensation. Plan contributions made by the Organization were \$53,904 and \$22,239 for the years ended July 31, 2014 and 2013, respectively.

**NOTE 8 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through January 15, 2015, which is the date the financial statements were available to be issued. No material subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.