THE TREVOR PROJECT

(A NON-PROFIT ORGANIZATION)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JULY 31, 2011
(WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JULY 31, 2010)

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
CONTENTS
July 31, 2011

SingerLewak LLP

www.SingerLewak.com

Los Angeles
Orange County
Woodland Hills
Monterey Park
San Diego
Silicon Valley

50+ YEARS SINCE 1959

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Trevor Project
West Hollywood, California

We have audited the accompanying statement of financial position of The Trevor Project (the "Organization"), as of July 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the Organization's 2010 financial statements and, in our report dated November 19, 2010, we expressed an unqualified opinion on those financial statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

SingerLewak LLP

SingerLewak LLP

Los Angeles, California
November 16, 2011

10960 Wilshire Blvd, 7th Floor Los Angeles, CA 90024 T: 310.477.3924 F: 310.478.6070

877.754.4557

IGAF Worldwide An Association of Independent Firms

THE TREVOR PROJECT

(A NON-PROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
July 31, 2011
(with Comparative Totals for July 31, 2010)

ASSETS

	2011	2010
Assets		
Cash and cash equivalents	$ 1,946,902	$ 410,168
Pledges receivable	68,208	119,703
Prepaid expenses and other assets	59,422	31,273
Property and equipment, net	142,285	157,768
Total assets	**$ 2,216,817**	**$ 718,912**

LIABILITIES AND NET ASSETS

	2011	2010
Liabilities		
Accounts payable	$ 63,116	$ 8,381
Accrued expenses	51,797	33,847
Total liabilities	114,913	42,228
Net assets		
Unrestricted	1,183,696	351,485
Unrestricted - board-designated	850,000	200,000
Temporarily restricted	68,208	125,199
Total net assets	2,101,904	676,684
Total liabilities and net assets	**$ 2,216,817**	**$ 718,912**

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

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
For the Year Ended July 31, 2011
(with Comparative Totals for July 31, 2010)

	Unrestricted	Temporarily Restricted	2011 Total	2010 Total
Revenue and support				
Contributions	$ 3,066,271	$ 89,050	$ 3,155,321	$ 909,163
Grants	436,486	-	436,486	282,500
Special events, net of $536,547 of expenses	524,933	-	524,933	430,993
In-kind contributions	58,428	-	58,428	111,973
Other income	5,846	-	5,846	10,384
Net assets released from restrictions	146,041	(146,041)	-	-
Total revenue and support	4,238,005	(56,991)	4,181,014	1,745,013
Functional expenses				
Program services	2,231,198	-	2,231,198	1,085,713
General and administrative	130,936	-	130,936	119,271
Fundraising	393,660	-	393,660	350,313
Total functional expenses	2,755,794	-	2,755,794	1,555,297
Changes in net assets	1,482,211	(56,991)	1,425,220	189,716
Net assets, beginning of year	551,485	125,199	676,684	486,968
Net assets, end of year	**$ 2,033,696**	**$ 68,208**	**$ 2,101,904**	**$ 676,684**

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

THE TREVOR PROJECT

(A NON-PROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended July 31, 2011
(with Comparative Totals for July 31, 2010)

	Program Services	General and Administrative	Fundraising	2011 Total	2010 Total
Personnel expenses					
Salaries	$ 882,822	$ 43,182	$ 195,855	$ 1,121,859	$ 681,580
Payroll taxes	77,560	4,175	20,146	101,881	60,395
Employee benefits	128,016	10,155	35,041	173,212	102,450
Total personnel expenses	1,088,398	57,512	251,042	1,396,952	844,425
Other expenses					
Advertising and public relations	4,080	-	1,200	5,280	11,815
Conferences and events	2,648	-	695	3,343	35
Depreciation and amortization	42,971	5,742	6,669	55,382	38,700
Equipment	110,856	6,019	12,210	129,085	70,916
Events	32,249	-	7,701	39,950	-
Occupancy costs	158,905	13,561	16,260	188,726	115,534
Office supplies	24,263	2,579	2,336	29,178	15,383
Postage costs	34,822	2,456	6,673	43,951	36,878
Printing	80,140	561	3,513	84,214	46,073
Processing fees and other expenses	60,252	10,612	10,151	81,015	34,670
Professional services	186,967	29,935	14,017	230,919	91,859
Resource development	93,550	20	35,424	128,994	82,595
Telephone	68,397	1,411	6,494	76,302	39,681
Travel	169,852	505	18,517	188,874	81,107
Visibility	72,848	23	758	73,629	45,626
Total other expenses	1,142,800	73,424	142,618	1,358,842	710,872
Total functional expenses	**$ 2,231,198**	**$ 130,936**	**$ 393,660**	**$ 2,755,794**	**$ 1,555,297**

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

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
For the Year Ended July 31, 2011
(with Comparative Totals for July 31, 2010)

	2011	2010
Cash flows from operating activities		
Change in net assets	$ 1,425,220	$ 189,716
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	55,382	38,700
Contributions of long-lived assets	-	(71,642)
Changes in assets and liabilities		
(Increase) decrease in:		
Pledges receivable	51,495	23,065
Prepaid expenses and other assets	(28,149)	(10,756)
Increase (decrease) in:		
Accounts payable	54,735	(635)
Accrued expenses	17,950	(29,279)
Net cash provided by operating activities	1,576,633	139,169
Cash flows from investing activities		
Purchase of property and equipment	(39,899)	(17,109)
Net cash used in investing activities	(39,899)	(17,109)
Net increase in cash	1,536,734	122,060
Cash and cash equivalents, beginning of year	410,168	288,108
Cash and cash equivalents, end of year	**$ 1,946,902**	**$ 410,168**
Supplemental Disclosures of Cash Flow Information		
Cash payments for:		
Interest	**$ -**	**$ 383**
Noncash investing and financing transaction:		
Website development costs	**$ -**	**$ 71,642**

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

NOTE 1 – GENERAL

Organization and Nature of Activities

The Trevor Project (the "Organization"), is a 501(c)(3) not-for-profit organization that operates the only nationwide, around-the-clock crisis and suicide prevention helpline for gay and questioning youth. The Trevor Helpline, 866.4.U.TREVOR, is a free and confidential service that offers hope through its trained counselors. The Trevor Helpline receives tens of thousands of calls each year. In addition to the helpline, the Organization's website provides information on identifying and assisting potentially suicidal youth and "Dear Trevor", a confidential resource where youth can ask questions about sexual orientation and identity issues. The Organization also provides lifesaving guidance and vital resources to educators and parents. The Organization was founded by three filmmakers whose film, Trevor, about a teenager who attempts suicide after realizing that he might be gay, received the 1994 Academy Award® for Best Short Film (Live Action).

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, 2010, from which the summarized information was derived.

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 designated $850,000 of unrestricted net assets as a contingency fund which requires board of directors' approval prior to being used by the Organization. These designated funds consist of $850,000 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- ***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, 2011.

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.

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 and software	3 - 5 years
Furniture, fixtures and equipment	5 years
Leasehold improvements	1 year

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 the revenues are earned.

In Kind Contributions
Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial 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 received.

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 year ended July 31, 2011, the Organization recorded $18,941 for in-kind rent.

The Organization also recorded in-kind contributions of $825 and $38,662 related to advertising costs and legal 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.

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 Organization recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the year ended July 31, 2011, 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 may have an effect on its tax-exempt status.

Jurisdiction	Open Tax Years
Federal	2007 – 2010
State	2006 – 2010

NOTE 3 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In January 2010, the FASB issued Accounting Standards Update ("ASU") No. 2010-06, "Fair Value Measurements and Disclosures (Topic 820)" ("ASU 2010-06"). This guidance amends the disclosure requirements related to recurring and nonrecurring fair value measurements and requires new disclosures on the transfers of assets and liabilities between Level 1 and Level 2 of the fair value measurement hierarchy, including the reasons and the timing of the transfers. Additionally, the guidance requires a rollforward of activities on purchases, sales, issuance and settlements of the assets and liabilities measured using Level 3 measurements.

The guidance is effective for the reporting period beginning July 1, 2010, except for the disclosure on the rollforward activities for Level 3 fair value measurements, which will become effective for the reporting period beginning July 1, 2011. The Organization has adopted the provisions under ASU 2010-06 except for the disclosure on the rollforward activities for Level 3 fair value measurements for its fiscal year ending July 31, 2011, and it did not have a material impact on the fiscal 2011 financial statements.

Recently Issued Accounting Pronouncements
In May 2011, the FASB issued ASU No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and IFRSs" ("ASU 2011-04"), which amends ASC Topic 820, "Fair Value Measurement." ASU 2011-04 changes the wording used to describe the requirements in US GAAP for measuring fair value and for disclosing information about fair value measurements. The update clarifies the application of existing fair value measurement requirements. The update also requires reporting entities to disclose additional information regarding fair value measurements categorized within Level 3 of the fair value hierarchy. ASU 2011-04 is effective during interim and annual periods beginning after December 15, 2011. Early adoption is not permitted. Other than the expanded disclosure requirements, the adoption of this provision is not expected to have a material impact on the Organization's fiscal 2012 statements of activities or financial position.

NOTE 4 – CASH AND CASH EQUIVALENTS

The Organization maintains its cash balances with several financial institutions that, from time to time, exceed amounts insured by the Federal Deposit Insurance Corporation. Effective December 31, 2010 as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, all funds in non-interest-bearing accounts are fully insured by the FDIC. 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 5 – PLEDGES RECEIVABLE

Pledges receivable at July 31, 2011 totaled $68,208 and are due from various corporate, foundation and individual donors. The following is a schedule of how the pledges are expected to be collected:

On or before July 31,	
2012	68,208
Total	**$ 68,208**

Management believes that all accounts are fully collectible, and no allowance is deemed necessary.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment at July 31, 2011 is as follows:

Computers and software	$ 270,918
Furniture, fixtures and equipment	66,288
Leasehold improvements	7,189
Total property and equipment	344,395
Less accumulated depreciation	(202,110)
Property and equipment, net	**$ 142,285**

Depreciation and amortization expense totaled $55,382 for the year ended July 31, 2011.

NOTE 7 – LINE OF CREDIT

The Organization has a $50,000 unsecured line of credit with a financial institution to be drawn upon as needed with an interest rate equal to the Prime rate (3.25% at July 31, 2011), plus 2.75%. At July 31, 2011, no amount was drawn or outstanding from the line of credit.

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at July 31, 2011 were available for the following purposes:

	Available July 31, 2010	New Revenues	Expenditures	Available July 31, 2011
Call center operations	$ 123,799	$ 89,050	$ (144,641)	$ 68,208
Internship program	1,400	-	(1,400)	-
Total	**$ 125,199**	**$ 89,050**	**$ (146,041)**	**$ 68,208**

NOTE 9 – COMMITMENTS

Operating Leases
The Organization has certain equipment and office space under noncancelable operating leases with terms up to sixty months and expiring through 2016. Total rental expense on operating leases was $142,784 for the year ended July 31, 2011. Future minimum lease payments are as follows:

For the Years Ending July, 31,	
2012	$ 175,189
2013	114,689
2014	59,345
2015	4,001
2016	1,667
Total	**$ 354,891**

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 16, 2011, 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.