

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JULY 31, 2010
(WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JULY 31, 2009)

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
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July 31, 2010

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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, 2010, 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 2009 financial statements and, in our report dated November 4, 2009; 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, 2010, 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 19, 2010

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION

July 31, 2010

(with Comparative Totals for the Year Ended July 31, 2009)

ASSETS	<u>2010</u>	<u>2009</u>
Assets		
Cash and cash equivalents	\$ 410,168	\$ 288,108
Pledges receivable	119,703	142,768
Prepaid expenses and other assets	31,273	20,517
Property and equipment, net	<u>157,768</u>	<u>107,717</u>
Total assets	<u>\$ 718,912</u>	<u>\$ 559,110</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 8,381	\$ 9,016
Accrued expenses	<u>33,847</u>	<u>63,126</u>
Total liabilities	<u>42,228</u>	<u>72,142</u>
Net assets		
Unrestricted	351,485	139,218
Unrestricted - board-designated	200,000	200,000
Temporarily restricted	<u>125,199</u>	<u>147,750</u>
Total net assets	<u>676,684</u>	<u>486,968</u>
Total liabilities and net assets	<u>\$ 718,912</u>	<u>\$ 559,110</u>

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, 2010
(with Comparative Totals for the Year Ended July 31, 2009)

	Unrestricted	Temporarily Restricted	2010 Total	2009 Total
Revenue and support				
Contributions	\$ 777,563	\$ 131,600	\$ 909,163	\$ 737,032
Grants	282,500	-	282,500	214,500
Special events, net of \$321,607 of expenses	430,993	-	430,993	406,758
In-kind contributions	111,973	-	111,973	126,984
Other income	10,384	-	10,384	15,610
Net assets released from restrictions	<u>154,151</u>	<u>(154,151)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>1,767,564</u>	<u>(22,551)</u>	<u>1,745,013</u>	<u>1,500,884</u>
Functional expenses				
Program services	1,085,713	-	1,085,713	948,984
General administrative	119,271	-	119,271	100,647
Fundraising	<u>350,313</u>	<u>-</u>	<u>350,313</u>	<u>318,563</u>
Total functional expenses	<u>1,555,297</u>	<u>-</u>	<u>1,555,297</u>	<u>1,368,194</u>
Changes in net assets	212,267	(22,551)	189,716	132,690
Net assets, beginning of year	<u>339,218</u>	<u>147,750</u>	<u>486,968</u>	<u>354,278</u>
Net assets, end of year	<u>\$ 551,485</u>	<u>\$ 125,199</u>	<u>\$ 676,684</u>	<u>\$ 486,968</u>

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, 2010
(with Comparative Totals for the Year Ended July 31, 2009)

	Program Services	General Administrative	Fundraising	2010 Total	2009 Total
Personnel expenses					
Salaries	\$ 457,291	\$ 53,450	\$ 170,839	\$ 681,580	\$ 638,364
Payroll taxes	40,521	4,736	15,138	60,395	55,873
Employee benefits	68,737	8,034	25,679	102,450	76,807
Total personnel expenses	<u>566,549</u>	<u>66,220</u>	<u>211,656</u>	<u>844,425</u>	<u>771,044</u>
Other expenses					
Advertising and public relations	9,240	-	2,575	11,815	44,254
Conferences and events	-	-	35	35	-
Depreciation and amortization	25,965	3,035	9,700	38,700	39,669
Equipment	47,471	6,799	16,646	70,916	30,539
Occupancy costs	99,945	8,794	6,795	115,534	111,588
Office supplies	10,321	1,206	3,856	15,383	9,336
Postage costs	22,130	6,755	7,993	36,878	26,016
Printing	30,912	3,613	11,548	46,073	35,307
Processing fees and other expenses	23,261	2,719	8,690	34,670	37,878
Professional services	61,631	7,204	23,024	91,859	96,857
Resource development	60,630	36	21,929	82,595	59,230
Telephone	30,524	6,530	2,627	39,681	35,274
Travel	54,417	6,360	20,330	81,107	41,869
Visibility	42,717	-	2,909	45,626	29,333
Total other expenses	<u>519,164</u>	<u>53,051</u>	<u>138,657</u>	<u>710,872</u>	<u>597,150</u>
Total functional expenses	<u>\$ 1,085,713</u>	<u>\$ 119,271</u>	<u>\$ 350,313</u>	<u>\$ 1,555,297</u>	<u>\$ 1,368,194</u>

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

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2010

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, 2009, 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 \$200,000 of unrestricted net assets as a contingency fund which requires Board of Director’s approval prior to being used by the Organization. These designated funds consist of \$200,000 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.

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2010

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, 2010.

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 - 7 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 values in the period received.

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In Kind Contributions (Continued)

The Organization records contributed rent for its headquarters, 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, 2010, the Organization recorded \$36,732 for in-kind rent.

The Organization also recorded in kind contributions of \$71,642 related to website development costs and \$3,599 related to advertising costs.

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 statements 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.

Effective August 1, 2009, the Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic No. 740, *Accounting for Uncertainty in Income Taxes*. ASC Topic No. 740 ("ASC 740") clarifies the uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statements No. 109, *Accounting for Income Taxes*, and prescribes a recognition and measurement of a tax position taken or expected to be taken in a tax return. In accordance with ASC 740 the Organization recognizes the impact of tax positions in the financial statements if that position is more likely than not of being 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, 2010, the Organization did not recognize any amount in potential interest and penalties associated with uncertain tax positions.

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2010

NOTE 3 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2009, the Organization adopted FASB Accounting Standards Update No. 2009-1 (Topic 105): *Generally Accepted Accounting Principles amendments based on Statement of Financial Accounting Standards No. 168 - The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles* (“ASU 2009-1”). ASU 2009-1 changes the authoritative hierarchy of GAAP. These changes establish the FASB Accounting Standards Codification™ (“Codification”), as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP primarily for SEC registrants. The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts; instead the FASB will issue Accounting Standards Updates (“ASU”). ASU’s will not be authoritative in their own right as they will only serve to update the Codification. These changes and the Codification itself do not change GAAP. Other than the manner in which new accounting guidance is referenced, the adoption of these changes did not have a material impact on the Organization’s financial statements.

Recently Issued Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update 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 roll forward of activities on purchases, sales, issuance and settlements of the assets and liabilities measured using Level 3 measurements.

The guidance became effective for the reporting period beginning January 1, 2010, except for the disclosure on the roll forward activities for Level 3 fair value measurements, which will become effective for the reporting period beginning January 1, 2011. Management has not yet assessed the impact of ASU 2010-06, but does not believe it will have a material effect on its financial statements.

NOTE 4 – CASH AND CASH EQUIVALENTS

The Organization maintains bank accounts at two financial institutions. Accounts at all institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, cash in these accounts may have exceeded the insured amounts during the year ended July 31, 2010.

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2010

NOTE 5 – PLEDGES RECEIVABLE

Pledges receivable, at July 31, 2010, totaled \$119,703, and are due from various corporate, foundation, and individual donors. Following is a schedule of how the pledges are expected to be collected:

<u>On or before July 31,</u>	
2011	\$ 106,600
2012	11,603
2013	<u>1,500</u>
Total	<u>\$ 119,703</u>

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, 2010 is as follows:

Computers and software	\$ 238,667
Furniture, fixtures and equipment	61,310
Leasehold improvements	<u>7,189</u>
Total property and equipment	307,166
Less accumulated depreciation	<u>(149,398)</u>
Property and equipment, net	<u>\$ 157,768</u>

Depreciation and amortization expense totaled \$38,700 for the year ended July 31, 2010.

In 2010, the Organization completed construction of certain equipment improvements and website development costs, which were started in 2009. Construction in progress of \$119,403 was removed and capitalized to computers and software.

NOTE 7 – LINE OF CREDIT

The Organization has a \$75,000 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, 2010), plus 2.75%. At July 31, 2010, no amount was drawn or outstanding from the line of credit.

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2010

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at July 31, 2010 were available for the following purposes:

	<u>Available</u> <u>July 31, 2009</u>	<u>New</u> <u>Revenues</u>	<u>Expenditures</u>	<u>Available</u> <u>July 31, 2010</u>
Call center operations	\$ 147,750	\$ 106,600	\$ (130,551)	\$ 123,799
Internship program	<u> -</u>	<u> 25,000</u>	<u> (23,600)</u>	<u> 1,400</u>
Total	<u>\$ 147,750</u>	<u>\$ 131,600</u>	<u>\$ (154,151)</u>	<u>\$ 125,199</u>

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 19, 2010, which is the date the financial statements were available to be issued.