

THE TREVOR PROJECT
(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JULY 31, 2012
(WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JULY 31, 2011)

THE TREVOR PROJECT
(A NONPROFIT ORGANIZATION)
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July 31, 2012

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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, 2012, 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 2011 financial statements and, in our report dated November 16, 2011, 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, 2012, 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

Los Angeles, California
December 10, 2012

THE TREVOR PROJECT
(A NONPROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
July 31, 2012
(with Comparative Totals at July 31, 2011)

	ASSETS	
	2012	2011
Assets		
Cash and cash equivalents	\$ 3,019,064	\$ 1,946,902
Pledges receivable	12,000	68,208
Prepaid expenses and other assets	43,702	59,422
Property and equipment, net	137,453	142,285
Total assets	\$ 3,212,219	\$ 2,216,817
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 33,960	\$ 63,116
Accrued expenses	67,965	51,797
Capital lease obligations	12,333	-
Total liabilities	114,258	114,913
Commitments (Note 9)		
Net assets		
Unrestricted	2,185,961	1,183,696
Unrestricted – board-designated	850,000	850,000
Temporarily restricted	62,000	68,208
Total net assets	3,097,961	2,101,904
Total liabilities and net assets	\$ 3,212,219	\$ 2,216,817

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, 2012
(with Comparative Totals for the Year Ended July 31, 2011)

	Unrestricted	Temporarily Restricted	2012 Total	2011 Total
Revenue and support				
Contributions	\$ 2,777,382	\$ 128,000	\$ 2,905,382	\$ 3,155,321
Grants	419,528	-	419,528	436,486
Special events, net of \$732,436 of expenses	1,050,989	-	1,050,989	524,933
In-kind contributions	78,931	12,000	90,931	58,428
Other income	4,593	-	4,593	5,846
Loss on pledge write-off	-	(42,525)	(42,525)	-
Net assets released from restrictions	<u>103,683</u>	<u>(103,683)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>4,435,106</u>	<u>(6,208)</u>	<u>4,428,898</u>	<u>4,181,014</u>
Functional expenses				
Program services	2,764,581	-	2,764,581	2,231,198
General and administrative	138,798	-	138,798	130,936
Fundraising	<u>529,462</u>	<u>-</u>	<u>529,462</u>	<u>393,660</u>
Total functional expenses	<u>3,432,841</u>	<u>-</u>	<u>3,432,841</u>	<u>2,755,794</u>
Changes in net assets	1,002,265	(6,208)	996,057	1,425,220
Net assets, beginning of year	<u>2,033,696</u>	<u>68,208</u>	<u>2,101,904</u>	<u>676,684</u>
Net assets, end of year	<u>\$ 3,035,961</u>	<u>\$ 62,000</u>	<u>\$ 3,097,961</u>	<u>\$ 2,101,904</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, 2012

(with Comparative Totals for the Year Ended July 31, 2011)

	Program Services	General and Administrative	Fundraising	2012 Total	2011 Total
Personnel expenses					
Salaries	\$ 1,192,106	\$ 59,605	\$ 238,421	\$ 1,490,132	\$ 1,121,859
Payroll taxes	112,318	5,616	22,464	140,398	101,881
Employee benefits	<u>125,306</u>	<u>6,265</u>	<u>25,061</u>	<u>156,632</u>	<u>173,212</u>
Total personnel expenses	<u>1,429,730</u>	<u>71,486</u>	<u>285,946</u>	<u>1,787,162</u>	<u>1,396,952</u>
Other expenses					
Advertising and public relations	7,438	-	1,860	9,298	5,280
Conferences and events	3,624	-	906	4,530	3,343
Depreciation and amortization	51,349	2,567	10,270	64,186	55,382
Equipment	150,661	7,533	29,993	188,187	129,085
Events	21,052	-	13,197	34,249	39,950
Interest expense	-	845	-	845	-
Occupancy costs	191,498	9,575	36,800	237,873	188,726
Office supplies	26,196	1,310	4,876	32,382	29,178
Postage costs	20,881	1,044	3,989	25,914	43,951
Printing	97,597	5,577	17,962	121,136	84,214
Processing fees and other expenses	55,371	2,769	11,014	69,154	81,015
Professional services	300,582	15,029	56,893	372,504	230,919
Resource development	113,549	5,677	17,502	136,728	128,994
Telephone	66,390	3,319	13,013	82,722	76,302
Travel	132,310	7,249	23,436	162,995	188,874
Visibility	<u>96,353</u>	<u>4,818</u>	<u>1,805</u>	<u>102,976</u>	<u>73,629</u>
Total other expenses	<u>1,334,851</u>	<u>67,312</u>	<u>243,516</u>	<u>1,645,679</u>	<u>1,358,842</u>
Total functional expenses	<u>\$ 2,764,581</u>	<u>\$ 138,798</u>	<u>\$ 529,462</u>	<u>\$ 3,432,841</u>	<u>\$ 2,755,794</u>

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, 2012
(with Comparative Totals for the Year Ended July 31, 2011)

	2012	2011
Cash flows from operating activities		
Change in net assets	\$ 996,057	\$ 1,425,220
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	64,186	55,382
Loss on pledge write off	42,525	-
Changes in assets and liabilities		
(Increase) decrease in		
Pledges receivable	13,683	51,495
Prepaid expenses and other assets	15,720	(28,149)
Increase (decrease) in		
Accounts payable	(29,156)	54,735
Accrued expenses	16,168	17,950
Net cash provided by operating activities	<u>1,119,183</u>	<u>1,576,633</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(43,863)</u>	<u>(39,899)</u>
Net cash used in investing activities	<u>(43,863)</u>	<u>(39,899)</u>
Cash flows from financing activities		
Net repayments of capital lease	<u>(3,158)</u>	-
Net cash used in financing activities	<u>(3,158)</u>	-
Net increase in cash	1,072,162	1,536,734
Cash and cash equivalents, beginning of year	<u>1,946,902</u>	<u>410,168</u>
Cash and cash equivalents, end of year	<u>\$ 3,019,064</u>	<u>\$ 1,946,902</u>
Supplemental disclosures of cash flow information		
Cash payments for		
Interest	<u>\$ 845</u>	<u>\$ -</u>
Capital lease equipment financing	<u>\$ 15,491</u>	<u>\$ -</u>

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, 2012

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 Suicidology, 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, and a suite of suicide prevention education programs including Trevor Lifeguard, Trevor CARE, and Trevor Ally Workshops. 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, 2011. Learn more at 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, 2011, 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.

THE TREVOR PROJECT
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

- *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, 2012.

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

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

THE TREVOR PROJECT
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 non-cash 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 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, 2012, the Organization recorded \$11,453 for in-kind rent.

The Organization also recorded in-kind contributions of \$15,000, \$20,878 and \$43,600 related to furniture, legal services and online 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.

THE TREVOR PROJECT
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2012, 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	2008 – 2011
State	2007 – 2011

NOTE 3 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In May 2011, the FASB issued Accounting Standards Update (“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.

THE TREVOR PROJECT
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2012

NOTE 3 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS (Continued)

Recently Issued Accounting Pronouncements

In October 2012, the FASB issued ASU No. 2012-05, “Not-for-Profit Entities (‘NFP’): Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows” (“ASU 2012-05”), which require an NFP to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any NFP-imposed limitations for sale and were converted nearly immediately into cash. Accordingly, the cash receipts from the sale of those financial assets should be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes in which case those cash receipts should be classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated securities should be classified as cash flows from investing activities by the NFP. ASU 2012-05 is effective prospectively for fiscal years, and interim periods within those years, beginning after June 15, 2013. Retrospective application to all prior periods presented upon the date of adoption is permitted. The Organization is in the process of assessing the effect that the guidance will have on its financial statements.

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, 2012 totaled \$12,000 and is due from a corporation. The pledge is expected to be collected on or before July 31, 2013, and is deemed fully collectible.

THE TREVOR PROJECT
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2012

NOTE 6 – PROPERTY AND EQUIPMENT AND CAPITAL LEASES

Property and equipment at July 31, 2012 is as follows:

Computers and software	\$ 296,280
Furniture, fixtures and equipment	92,269
Leasehold improvements	<u>7,189</u>
 Total property and equipment	 395,738
Less accumulated depreciation	<u>258,285</u>
 Property and equipment, net	 <u>\$ 137,453</u>

Depreciation and amortization expense totaled \$64,186 for the year ended July 31, 2012.

Property and equipment costs at July 31, 2012 include office equipment under lease that has been capitalized and expire in December 2015 for a total of \$15,235 with related accumulated depreciation of \$3,467. The Organization entered into a capital lease during the fiscal year ended July 30, 2012 to lease office equipment.

The balance of the capital lease liability at July 31, 2012 was \$12,333. Future minimum lease payments under the capital lease are as follows at July 30:

Lease Amount Year	
<u>Ending July, 31,</u>	
 2013	 \$ 4,001
2014	4,001
2015	4,001
2016	1,667
Less amount representing interest	<u>1,337</u>
 Total	 <u>\$ 12,333</u>

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, 2012), plus 2.75%. At July 31, 2012, no amount was drawn or outstanding from the line of credit.

THE TREVOR PROJECT
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
For the Year Ended July 31, 2012

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at July 31, 2012 were available for the following purposes:

	Available July <u>31, 2011</u>	Revenue, Net	Releases from Restriction	Available July <u>31, 2012</u>
Call center operations	\$ 68,208	\$ 47,475	\$ (103,683)	\$ 12,000
Trevor Live Los Angeles	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total	<u>\$ 68,208</u>	<u>\$ 97,475</u>	<u>\$ (103,683)</u>	<u>\$ 62,000</u>

NOTE 9 – COMMITMENTS

Operating Leases

The Organization has certain equipment and office space under noncancelable operating leases with terms up to thirty months and expiring through 2014. Total rental expense was \$169,508 for the year ended July 31, 2012. Future minimum lease payments are as follows:

For the Years <u>Ending July, 31,</u>	
2013	\$ 110,688
2014	<u>55,344</u>
Total	<u>\$ 166,032</u>

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 10, 2012, 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.