

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JULY 31, 2008
(WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED
JULY 31, 2007)

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
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July 31, 2008

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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, 2008, and the related statements of activities 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 2007 financial statements and, in our report dated January 17, 2008, 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, 2008, 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.

A handwritten signature in black ink that reads 'SingerLewak LLP'.

Singer Lewak LLP

Los Angeles, California
October 23, 2008

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
July 31, 2008
(with Comparative Totals at July 31, 2007)

ASSETS	2008	2007
Assets		
Cash and cash equivalents	\$ 226,513	\$ 290,971
Investment	-	25,000
Grants receivable	66,250	50,000
Prepaid expenses and other assets	17,734	17,008
Property and equipment, net	97,467	26,791
Total assets	\$ 407,964	\$ 409,770
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 14,555	\$ 15,367
Accrued expenses	39,131	7,385
Total liabilities	53,686	22,752
Commitments and contingencies (Note 7)		
Net assets		
Unrestricted	71,778	167,018
Unrestricted - board-designated	200,000	125,000
Temporarily restricted	82,500	95,000
Total net assets	354,278	387,018
Total liabilities and net assets	\$ 407,964	\$ 409,770

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, 2008
(with Comparative Totals at July 31, 2007)

	Unrestricted	Temporarily Restricted	2008 Total	2007 Total
Revenue and support				
Contributions	\$ 647,077	\$ 47,500	\$ 694,577	\$ 442,637
Grants	137,000	25,000	162,000	155,593
Special events, net of \$430,800 of expenses	340,054	10,000	350,054	422,303
In-kind contributions	148,047	-	148,047	35,409
Other income	5,974	-	5,974	3,371
Net assets released from restrictions	95,000	(95,000)	-	-
Total revenue and support	1,373,152	(12,500)	1,360,652	1,059,313
Functional expenses				
Program services	879,149	-	879,149	548,418
General administrative	134,910	-	134,910	124,012
Fundraising	379,333	-	379,333	250,695
Total functional expenses	1,393,392	-	1,393,392	923,125
Changes in net assets	(20,240)	(12,500)	(32,740)	136,188
Net assets, beginning of year	292,018	95,000	387,018	250,830
Net assets, end of year	\$ 271,778	\$ 82,500	\$ 354,278	\$ 387,018

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, 2008
(with Comparative Totals at July 31, 2007)

	Program Services	General Administrative	Fundraising	2008 Total	2007 Total
Personnel expenses					
Salaries	\$ 293,390	\$ 52,403	\$ 139,668	\$ 485,462	\$ 319,802
Payroll taxes	26,086	4,659	12,418	43,163	\$ 30,016
Employee benefits	50,139	10,317	23,715	84,171	54,611
Total personnel expenses	<u>369,615</u>	<u>67,379</u>	<u>175,801</u>	<u>612,795</u>	<u>404,429</u>
Other expenses					
Advertising and public relations	85,627	-	-	85,627	31,715
Depreciation and amortization	18,115	3,863	9,657	31,634	10,315
Equipment	20,041	13,174	7,156	40,371	19,908
Miscellaneous	-	21,735	1,194	22,929	13,282
Occupancy costs	86,624	8,156	10,556	105,336	48,490
Office supplies	9,286	1,659	4,421	15,366	10,708
Postage costs	25,409	4,007	18,622	48,038	18,902
Printing	28,893	-	26,432	55,325	51,441
Professional services	85,846	4,910	54,522	145,277	151,707
Resource development	38,071	-	41,398	79,469	29,938
Telephone	28,847	10,028	2,337	41,211	13,982
Travel	52,752	-	19,846	72,598	8,017
Visibility	30,024	-	7,391	37,415	110,291
Total other expenses	<u>509,534</u>	<u>67,531</u>	<u>203,532</u>	<u>780,597</u>	<u>518,696</u>
Total functional expenses	<u>\$ 879,149</u>	<u>\$ 134,910</u>	<u>\$ 379,333</u>	<u>\$ 1,393,392</u>	<u>\$ 923,125</u>

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, 2008
(with Comparative Totals at July 31, 2007)

	2008	2007
Cash flows from operating activities		
Change in net assets	\$ (32,740)	\$ 136,188
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	31,634	10,315
Contributions of long-lived assets	(42,000)	-
Changes in assets and liabilities		
(Increase) decrease in assets		
Grants receivable	(16,250)	(23,143)
Prepaid expenses and other assets	(724)	5,039
Increase (decrease) in liabilities		
Accounts payable	(813)	(6,072)
Accrued expenses	31,746	(31,309)
	31,746	(31,309)
Net cash provided by (used in) operating activities	(29,147)	91,018
Cash flows from investing activities		
Sale (purchase) of investment, net	25,000	(25,000)
Purchase of property and equipment	(60,311)	(11,456)
Net cash used in investing activities	(35,311)	(36,456)
Cash flows from financing activities		
Net payments on revolving credit agreement	-	(25,000)
Net cash used in financing activities	-	(25,000)
Net increase (decrease) in cash	(64,458)	29,562
Cash and cash equivalents, beginning of year	290,971	261,409
Cash and cash equivalents, end of year	\$ 226,513	\$ 290,971
Supplemental Disclosures of Cash Flow Information		
Cash payments for		
Interest	\$ 69	\$ 1,209
Noncash investing and financing transaction		
Website development costs	\$ 42,000	\$ -

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

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
July 31, 2008
(with Comparative Totals at July 31, 2007)

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, 2007, 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.
- **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 asset as of July 31, 2008.

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
July 31, 2008
(with Comparative Totals at July 31, 2007)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair market values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

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 statements of activities as net assets released from restrictions.

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
July 31, 2008
(with Comparative Totals at July 31, 2007)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (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 a revenue and expense in the period in which the facilities are occupied. As a result, during the year ended July 31, 2008, the Organization recorded \$39,553 for in-kind rent.

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 made cash contributions to support special events.

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

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.

Reclassification

Certain prior-year amounts have been reclassified to conform to the current-year presentation.

NOTE 3 – 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 \$100,000. At times, cash in these accounts may exceed the insured amounts. The Organization has one investment in a \$50,000 certificate of deposit with an original maturity of 3-months or less which is held at an FDIC insured financial institution at July 31, 2008. These funds are Board-designated for contingency funds.

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
July 31, 2008
(with Comparative Totals at July 31, 2007)

NOTE 4 – GRANTS RECEIVABLE

Grants receivable at July 31, 2008 totaled \$66,250 that are due from various corporate, foundation and individual donors. All grants receivable at July 31, 2008 are due to be received within the next year and the Organization's management believes they are fully collectible.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at July 31, 2008 is as follows:

Computers and software	\$ 102,339
Furniture, fixtures and equipment	58,968
Leasehold improvements	<u>7,189</u>
Total property and equipment	168,496
Less accumulated depreciation	<u>71,029</u>
Property and equipment, net	<u>\$ 97,467</u>

Depreciation and amortization expense totaled \$31,634 for the year ended July 31, 2008.

NOTE 6 – 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 (5.00% at July 31, 2008) plus 2.75%, no amount was drawn or outstanding from the line of credit.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Leases

The Organization has an operating lease for the New York office and call center and a month-to-month operating lease for its headquarters and call center in West Hollywood, California. The Organization also has professional services lease agreements with a call-center in Maryland to receive calls when the call centers operated by the Organization are not in operation.

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
July 31, 2008
(with Comparative Totals at July 31, 2007)

NOTE 7 – COMMITMENTS AND CONTINGENCIES (Continued)

Leases (Continued)

Future minimum payments under these lease agreements at July 31, 2008 were as follows:

<u>Year Ending</u> <u>July 31,</u>	<u>Operating Leases</u>	<u>Professional</u> <u>Services Leases</u>
2009	\$ 36,000	\$ 19,200
2010	-	8,000
Total	\$ 36,000	\$ 27,200

Rent expense amounted to \$78,980 for the year ended July 31, 2008.

NOTE 8 – UNRESTRICTED NET ASSETS – BOARD-DESIGNATED

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.

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at July 31, 2008 were available for the following purposes:

	<u>Available</u> <u>July 31, 2007</u>	<u>New</u> <u>Revenues</u>	<u>Expenditures</u>	<u>Available</u> <u>July 31, 2008</u>
Call center operations	\$ 95,000	\$ 82,500	\$ (95,000)	\$ 82,500
Total	\$ 95,000	\$ 82,500	\$ (95,000)	\$ 82,500