THE TREVOR PROJECT

(A NON-PROFIT ORGANIZATION)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JULY 31, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JULY 31, 2008)

THE TREVOR PROJECT
(A NON-PROFIT ORGANIZATION)
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July 31, 2009

SingerLewak LLP

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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, 2009, 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 2008 financial statements and, in our report dated October 23, 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, 2009, 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 4, 2009

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THE TREVOR PROJECT

(A NON-PROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
July 31, 2009
(with Comparative Totals at July 31, 2008)

ASSETS

	2009	2008
Assets		
Cash and cash equivalents	$ 288,108	$ 226,513
Grants receivable	142,768	66,250
Prepaid expenses and other assets	20,517	17,734
Property and equipment, net	107,717	97,467
Total assets	**$ 559,110**	**$ 407,964**

LIABILITIES AND NET ASSETS

	2009	2008
Liabilities		
Accounts payable	$ 9,016	$ 14,555
Accrued expenses	63,126	39,131
Total liabilities	72,142	53,686
Commitments and contingencies (Note 9)		
Net assets		
Unrestricted	139,218	71,778
Unrestricted - board-designated	200,000	200,000
Temporarily restricted	147,750	82,500
Total net assets	486,968	354,278
Total liabilities and net assets	**$ 559,110**	**$ 407,964**

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, 2009
(with Comparative Totals for the Year Ended July 31, 2008)

	Unrestricted	Temporarily Restricted	2009 Total	2008 Total
Revenue and support				
Contributions	$ 589,282	$ 147,750	$ 737,032	$ 694,577
Grants	214,500	-	214,500	162,000
Special events, net of $340,511 of expenses	406,758	-	406,758	350,054
In-kind contributions	126,984	-	126,984	148,047
Other income	15,610	-	15,610	5,974
Net assets released from restrictions	82,500	(82,500)	-	-
Total revenue and support	1,435,634	65,250	1,500,884	1,360,652
Functional expenses				
Program services	948,984	-	948,984	879,149
General administrative	100,647	-	100,647	134,910
Fundraising	318,563	-	318,563	379,333
Total functional expenses	1,368,194	-	1,368,194	1,393,392
Changes in net assets	67,440	65,250	132,690	(32,740)
Net assets, beginning of year	271,778	82,500	354,278	387,018
Net assets, end of year	**$ 339,218**	**$ 147,750**	**$ 486,968**	**$ 354,278**

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, 2009
(with Comparative Totals for the Year Ended July 31, 2008)

	Program Services	General Administrative	Fundraising	2009 Total	2008 Total
Personnel expenses					
Salaries	$ 428,779	$ 45,699	$ 163,886	$ 638,364	$ 485,462
Payroll taxes	37,529	4,000	14,344	55,873	43,163
Employee benefits	51,590	5,498	19,719	76,807	84,171
Total personnel expenses	517,898	55,197	197,949	771,044	612,796
Other expenses					
Advertising and public relations	30,180	36	14,038	44,254	85,627
Depreciation and amortization	26,645	2,840	10,184	39,669	31,634
Equipment	21,401	2,580	6,558	30,539	40,371
Occupancy costs	93,540	12,110	5,938	111,588	105,336
Office supplies	6,271	668	2,397	9,336	15,366
Postage costs	8,951	4,995	12,070	26,016	48,038
Printing	23,715	2,528	9,064	35,307	55,325
Processing fees and other expenses	25,442	2,712	9,724	37,878	22,929
Professional services	69,546	5,807	21,504	96,857	145,277
Resource development	43,329	-	15,901	59,230	79,469
Telephone	25,339	8,177	1,758	35,274	41,211
Travel	28,123	2,997	10,749	41,869	72,598
Visibility	28,604	-	729	29,333	37,415
Total other expenses	431,086	45,450	120,614	597,150	780,596
Total functional expenses	**$ 948,984**	**$ 100,647**	**$ 318,563**	**$ 1,368,194**	**$ 1,393,392**

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, 2009
(with Comparative Totals for the Year Ended July 31, 2008)

	2009	2008
Cash flows from operating activities		
Change in net assets	$ 132,690	$ (32,740)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	39,669	31,634
Contributions of long-lived assets	(47,761)	(42,000)
Changes in assets and liabilities		
Increase in assets		
Grants receivable	(76,518)	(16,250)
Prepaid expenses and other assets	(2,783)	(724)
Increase (decrease) in liabilities		
Accounts payable	(5,539)	(813)
Accrued expenses	23,995	31,746
Net cash provided by (used in) operating activities	63,753	(29,147)
Cash flows from investing activities		
Sale of investment, net	-	25,000
Purchase of property and equipment	(2,158)	(60,311)
Net cash used in investing activities	(2,158)	(35,311)
Net increase (decrease) in cash	61,595	(64,458)
Cash and cash equivalents, beginning of year	226,513	290,971
Cash and cash equivalents, end of year	**$ 288,108**	**$ 226,513**
Supplemental Disclosures of Cash Flow Information		
Cash payments for:		
Interest	**$ 139**	**$ 69**
Noncash investing and financing transaction:		
Website development costs	**$ 47,761**	**$ 42,000**

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, 2008, 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 assets as of July 31, 2009.

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.

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.

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 a revenue and expense in the period in which the facilities are occupied. As a result, during the year ended July 31, 2009, the Organization recorded $36,732 for in-kind rent.

The Organization also recorded in kind contributions totaling $47,761 related to website development 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.

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

NOTE 3 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Fair Value of Financial Instruments
The Organization adopted Financial Accounting Standards Board ("FASB") Statement No. 157 (SFAS 157), "Fair Value Measurements," at the beginning of the 2009 fiscal year and there was no material impact to the financial statements. SFAS 157 applies to all assets and liabilities that are recognized or disclosed at fair value on a recurring basis. SFAS 157 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, SFAS 157 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 will be classified and disclosed in one of the following three categories:

NOTE 3 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS (Continued)

Fair Value of Financial Instruments (Continued)

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.

Cash and cash equivalents are categorized as a Level 1 fair value at July 31, 2009.

Fair Value Option for Financial Assets and Financial Liabilities
In February 2007, the FASB issued FASB Statement No. 159 (SFAS 159), "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS 159 permits entities to choose, at specified election dates, to measure eligible items at fair value (the "fair value option"). An entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting period. SFAS No. 159 was effective beginning January 1, 2008. The Organization adopted SFAS 159 on August 1, 2008 and has elected not to use the fair value option to measure qualified financial assets or financial liabilities under SFAS 159. The adoption of SFAS 159 did not have a material impact on the Organization's financial statements.

Subsequent Events
In May 2009, the FASB issued FASB Statement No. 165 (SFAS 165), "Subsequent Events." This statement was issued to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before the financial statements are issued or are available to be issued. This statement sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The provisions of SFAS 165 became effective for fiscal years ending after June 15, 2009. Subsequent events have been updated through the opinion date.

NOTE 4 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Accounting for Uncertainty in Income Taxes
In July 2006, the FASB issued Interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement 109". FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement No. 109, "Accounting for Income Taxes". FIN 48 prescribes comprehensive models for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return including positions that the Organization is exempt from income taxes or not subject to income taxes on unrelated business income. If there are changes in net assets as a result of application of FIN 48 these will be accounted for as an adjustment to the opening balance of unrestricted net assets.

Additional disclosure about the amounts of such liabilities will also be required. The Organization presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax benefits by applying FASB Statement No. 5, "Accounting for Contingencies". The Organization has elected to defer the application of Interpretation 48 in accordance with FASB Staff Position (FSP) FIN 48-3. This FSP defers the effective date of Interpretation 48 for certain nonpublic enterprises, such as the Organization, included within its scope to the annual financial statements for fiscal years beginning after December 15, 2008. Management is currently assessing the impact of FIN 48 and does not expect the adoption of FIN 48 to have a material impact on the financial statements.

NOTE 5 – 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 exceed the insured amounts during the year ended July 31, 2009.

NOTE 6 – GRANTS RECEIVABLE

Grants receivable at July 31, 2009 totaled $142,768, and are due from various corporate, foundation and individual donors. Following is a schedule of how the grants are expected to be collected:

On or before July 31,	
2010	$ 85,768
2011	48,000
2012	9,000
	$ 142,768

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment at July 31, 2009 is as follows:

Computers and software	$ 104,497
Furniture, fixtures and equipment	58,968
Leasehold improvements	7,189
Construction in progress	47,761
Total property and equipment	218,415
Less accumulated depreciation	(110,698)
Property and equipment, net	**$ 107,717**

Depreciation and amortization expense totaled $39,669 for the year ended July 31, 2009.

NOTE 8 – 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, 2009) plus 2.75%. At July 31, 2009, no amount was drawn or outstanding from the line of credit.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Leases

The Organization has an operating lease for the New York office and call center, which ends on July 31, 2009, and a month-to-month operating lease for its headquarters and call center in West Hollywood, California. Subsequent to the completion of the lease ending on July 31, 2009, the Organization will switch to a month-to-month operating lease. The Organization also has professional services agreements with a call-center in Maryland to receive calls when the call centers operated by the Organization are not in operation.

Future minimum payments under these agreements at July 31, 2009 were as follows:

Year Ending July 31,	Operating Leases	Professional Services
2010	-	8,000
Total	**$ -**	**$ 8,000**

Rent expense amounted to $84,633 for the year ended July 31, 2009.

NOTE 10 – 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 11 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at July 31, 2009 were available for the following purposes:

	Available July 31, 2008	New Revenues	Expenditures	Available July 31, 2009
Call center operations	$ 82,500	$ 147,750	$ (82,500)	$ 147,750
Total	**$ 82,500**	**$ 147,750**	**$ (82,500)**	**$ 147,750**