FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2018
(WITH COMPARATIVE INFORMATION
FOR THE YEAR ENDED JULY 31, 2017)

THE TREVOR PROJECT, INC.
CONTENTS
July 31, 2018

SingerLewak
Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Trevor Project, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Trevor Project, Inc. (the "Organization"), which comprise the statement of financial position as of July 31, 2018, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

10960 Wilshire Blvd. 7th Floor Los Angeles, CA 90024 T: 310.477.3924 F: 310.478.6070
877.754.4557

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Trevor Project, Inc. as of July 31, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 13, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Singer Lewak LLP

July 19, 2019

THE TREVOR PROJECT, INC.

STATEMENTS OF FINANCIAL POSITION

July 31, 2018 and 2017

ASSETS

	2018	2017
Assets		
Cash and cash equivalents	$ 1,382,163	$ 1,370,358
Contributions receivable, net	1,716,422	477,930
Prepaid expenses and other assets	275,779	194,162
Cash and cash equivalents – board designated	7,048,908	3,047,321
Restricted cash	85,357	85,306
Property and equipment, net	184,056	56,788
Total assets	**$ 10,692,685**	**$ 5,231,865**

LIABILITIES AND NET ASSETS

	2018	2017
Liabilities		
Accounts payable	$ 471,892	$ 538,130
Accrued expenses	374,371	291,676
Deferred revenue	90,000	-
Deferred rent	28,625	35,757
Total liabilities	964,888	865,563
Net assets		
Unrestricted	1,802,672	1,272,112
Board-designated operating reserve	7,048,908	3,047,321
Total unrestricted	8,851,580	4,319,433
Temporarily restricted	876,217	46,869
Total net assets	9,727,797	4,366,302
Total liabilities and net assets	**$ 10,692,685**	**$ 5,231,865**

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

THE TREVOR PROJECT, INC.

STATEMENTS OF ACTIVITIES

Year Ended July 31, 2018

(with Comparative Information for the Year Ended July 31, 2017)

	Unrestricted	Temporarily Restricted	2018 Total	2017 Total
Revenue and support				
Contributions	$ 8,603,866	$ 1,100,000	$ 9,703,866	$ 8,326,471
In-kind services	1,442,265	-	1,442,265	469,968
Grants	830,300	-	830,300	375,100
Special event revenue, net	2,121,905	-	2,121,905	768,780
Other income	93,070	-	93,070	243
Net assets released from restrictions	270,652	(270,652)	-	-
Total revenue and support	13,362,058	829,348	14,191,406	9,940,562
Expenses				
Program services	7,169,068	-	7,169,068	5,795,100
General and administrative	910,443	-	910,443	677,161
Fundraising	750,400	-	750,400	684,286
Total expenses	8,829,911	-	8,829,911	7,156,547
Changes in net assets	4,532,147	829,348	5,361,495	2,784,015
Net assets, beginning of year	4,319,433	46,869	4,366,302	1,582,287
Net assets, end of year	**$ 8,851,580**	**$ 876,217**	**$ 9,727,797**	**$ 4,366,302**

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

THE TREVOR PROJECT, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended July 31, 2018

(with Comparative Information for the Year Ended July 31, 2017)

	Program Services	General and Administrative	Fundraising	2018 Total	2017 Total
Personnel expenses					
Salaries	$ 2,776,990	$ 223,385	$ 333,988	$ 3,334,363	$ 3,166,452
Payroll taxes	218,865	17,606	26,323	262,794	216,633
Employee benefits	483,504	38,894	58,151	580,549	936,164
Total personnel expenses	3,479,359	279,885	418,462	4,177,706	4,319,249
Other expenses					
Advertising and public relations	23,831	-	-	23,831	23,680
Depreciation	20,789	1,672	2,500	24,961	24,961
In-kind legal services	1,311,538	145,726	-	1,457,264	496,967
IT & Software	657,838	12,874	18,390	689,102	12,516
Occupancy costs	465,121	39,227	56,039	560,387	502,972
Office supplies	62,554	5,032	7,523	75,109	40,133
Other	89,426	238,480	2,392	330,298	249,955
Professional services	491,507	145,433	182,906	819,846	339,135
Program & Office Operations	138,505	11,681	16,688	166,874	450,507
Research	-	-	-	-	155,984
Resource development	93,063	7,395	11,056	111,514	47,621
Travel	286,392	23,038	34,444	343,874	229,089
Visibility	49,145	-	-	49,145	263,778
Total other expenses	3,689,709	630,558	331,938	4,652,205	2,837,298
Total functional expenses	**$ 7,169,068**	**$ 910,443**	**$ 750,400**	**$ 8,829,911**	**$ 7,156,547**

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

THE TREVOR PROJECT, INC.

STATEMENTS OF CASH FLOWS

Years Ended July 31, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	$ 5,361,495	$ 2,784,015
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	24,962	24,962
Bad debt expense	35,580	16,500
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Contributions receivable	(1,274,072)	(272,954)
Prepaid expenses and other assets	(81,617)	(118,915)
Accounts payable	(66,238)	535,014
Accrued expenses	82,695	7,642
Deferred revenue	90,000	-
Deferred rent	(7,132)	(4,670)
Net cash provided by operating activities	4,165,673	2,971,594
Cash flows from investing activities		
Cash transferred to restricted cash	(51)	(51)
Purchase of property and equipment	(152,230)	-
Net cash used in investing activities	(152,281)	(51)
Net increase in cash and cash equivalents	4,013,392	2,971,543
Cash and cash equivalents, beginning of year	4,417,679	1,446,136
Cash and cash equivalents, end of year	**$ 8,431,071**	**$ 4,417,679**
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	$ 1,382,163	$ 1,370,358
Cash and cash equivalents – board designated	7,048,908	3,047,321
Total cash and cash equivalents	**$ 8,431,071**	**$ 4,417,679**

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

NOTE 1 – GENERAL

Organization and Nature of Activities

The Trevor Project, Inc. (the "Organization"), a 501(c)(3) nonprofit organization, is the world's largest suicide prevention and crisis intervention organization for LGBTQ (lesbian, gay, bisexual, transgender, queer, and questioning) young people. The Organization works to save young lives by providing support through free and confidential suicide prevention and crisis intervention programs on platforms where young people spend their time: the 24/7 phone lifeline, chat, text and soon-to-come integrations with social media platforms. The Organization also runs TrevorSpace, the world's largest safe space social networking site for LGBTQ youth, and operates innovative education, research, and advocacy programs.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The statements of activities and functional expenses includes certain prior-year summarized comparative information in total, but not by function. 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 year ended July 31, 2017, from which the summarized information was derived.

Use of 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

The Organization considers all cash and highly liquid financial instruments with purchased maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. A portion of the Organization's Cash and cash equivalents has been designated by the board for an operating reserve.

Contributions Receivable

Unconditional promises to give that are expected to be collected in future periods are recorded at net present value. An allowance for uncollectible receivables is based on specifically identified receivables using the age of the receivable and historical collection experience. The allowance for uncollectable contributions receivable at July 31, 2018 and 2017 was $52,080 and $16,500, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash
Restricted cash consists of amounts held by the bank to provide for a letter of credit. The letter of credit is explained further in Note 7.

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, website and software	3 – 5 years
Furniture, fixtures and equipment	5 years
Leasehold improvements	Shorter of initial lease period or useful life of asset

Net Assets
The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as follows:

- *Unrestricted net assets* – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for an operating reserve to help ensure that the Organization is able to provide its life saving services at all times, and not be reliant on market conditions. The operating reserve policy states that the Organization aims to create a reserve of 12 months of operating expenses. Subsequent to year end, the Organization increased the board-designated reserve by $1,000,000.

- *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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Rent

The Organization recognizes benefits of rent abatement, as well as escalating rent provisions on a straight-line basis over the term of the lease.

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Sponsorships and tickets for special events is recognized when the event takes place. Revenues from special events are net of expenses of $719,544 and $799,113 for the years ended July 31, 2018 and 2017, respectively.

Donated Services and In-kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received (see Note 5).

Functional Expense Allocation

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs have been allocated among the programs and supporting services benefited based on management's estimates of time spent.

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. 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. The Organization recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the years ended July 31, 2018 and 2017, the Organization performed an evaluation of uncertain tax positions and did not identify any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-lived Assets

Impairment losses are recorded on long-lived assets and intangible assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Management has determined that no indicators of impairment have occurred during the years ended July 31, 2018 and 2017.

Fair Value of Financial Instruments

In accordance with U.S. GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities carried at fair value are required to be classified and disclosed in one of the following three categories:

Level 1 – Quoted 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

The Organization's investments are reflected at fair value based on quoted market prices. These are classified within Level 1 of the valuation hierarchy.

Concentration of Credit Risk

The Organization maintains its cash and cash equivalent balances in several financial institutions that, from time to time, exceed amounts insured by the Federal Deposit Insurance Corporation. 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 and cash equivalents.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, that requires recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The FASB has also issued several updates to ASU 2014-09. The new standard supersedes U.S. GAAP guidance on revenue recognition and requires the use of more estimates and judgments than the present standards. It also requires additional disclosures. The new revenue guidance is effective for years beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the consolidated financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which revises the accounting related to lessee accounting. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization's management is in the process of evaluating the impact of this accounting pronouncement on the Organization's financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions," and expands disclosures about the nature and amount of any donor restrictions. ASU No. 2016-14 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization's management is currently evaluating the impact the adoption of this guidance will have on the Organization's financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash,* which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for the Organization beginning on January 1, 2019. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted. The adoption of ASU 2016-18 is not expected to have a material impact on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU is applicable to contributions received for years beginning after December 15, 2018, and interim periods within years beginning after December 15, 2019. Early adoption is permitted. The Organization is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at July 31, 2018 and 2017 is as follows:

	2018	2017
Computers and software	$ 448,510	$ 296,280
Website	158,666	158,666
Furniture, fixtures and equipment	87,600	87,600
Leasehold improvements	7,189	7,189
	701,965	549,735
Less accumulated depreciation	(517,909)	(492,947)
Property and equipment, net	**$ 184,056**	**$ 56,788**

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at July 31, 2018 were available for the following purposes:

	Available July 31, 2017	Contributions	Releases from Restriction	Available July 31, 2018
Advocacy	$ -	$ 150,000	$ (37,500)	$ 112,500
Education	-	255,000	(30,000)	225,000
Digital Services	46,869	445,000	(161,485)	330,384
LA Crisis Services	-	100,000	(41,667)	58,333
Events and programming	-	150,000	-	150,000
Total	**$ 46,869**	**$ 1,100,000**	**$ (270,652)**	**$ 876,217**

NOTE 5 – IN-KIND SERVICES

For the years ended July 31, 2018 and 2017, the Organization received donated legal services amounting to $1,442,265 and $469,968, respectively.

NOTE 6 – BOARD OF DIRECTORS CONTRIBUTIONS

During the years ended July 31, 2018 and 2017, Members of the Board of Directors contributed to the Organization to further its mission totaling $401,018 and $333,510, respectively.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Operating Leases
The Organization has certain equipment and office space under noncancelable operating leases that expire on various dates through 2021 and require minimum monthly payments of $97,805.

Future minimum lease payments are as follows:

Years Ending July 31,	
2019	$ 964,517
2020	1,086,808
2021	332,073
Total	**$ 2,383,398**

Letter of Credit
The Organization maintains a letter of credit in the amount of $85,000 in accordance with the terms of one of the office facility lease agreements. The landlord may draw up to the full amount of the letter of credit, pursuant to the terms of the lease agreement.

Litigation
From time to time, the Organization is involved in certain legal matters which arise in the normal course of operations. Management believes, based in part on the advice of legal counsel, that the resolution of such matters will not have a material adverse effect on the financial position of the Organization.

NOTE 8 – 403(b) DEFERRED-COMPENSATION PLAN

The Organization has a defined-contribution retirement 403(b) plan available for all eligible employees. Employees participate on a voluntary basis and may make the maximum contribution allowable by the IRS. The Organization matches the employees' contributions up to 3% of the employees' compensation. Plan contributions made by the Organization were $70,271 and $72,025 for the years ended July 31, 2018 and 2017, respectively.

NOTE 9 – SUBSEQUENT EVENTS

Management evaluated all activity through July 19, 2019 (the date the financial statements were available for issuance) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.