THE TREVOR PROJECT

FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2017
(WITH COMPARATIVE INFORMATION
FOR THE YEAR ENDED JULY 31, 2016)

THE TREVOR PROJECT
CONTENTS
July 31, 2017

SingerLewak
Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Trevor Project

Report on the Financial Statements

We have audited the accompanying statement of financial position of The Trevor Project (the "Organization"), as of July 31, 2017, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements (collectively, 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.

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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, 2017 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 25, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Singer Lewak LLP

April 13, 2018

THE TREVOR PROJECT
STATEMENT OF FINANCIAL POSITION
July 31, 2017
(with Comparative Information at July 31, 2016)

ASSETS

	2017	2016
Assets		
Cash and cash equivalents	$ 4,417,679	$ 1,446,136
Contributions receivable, net	477,930	221,476
Prepaid expenses and other assets	194,162	75,247
Restricted cash	85,306	85,255
Property and equipment, net	56,788	81,750
Total assets	**$ 5,231,865**	**$ 1,909,864**

LIABILITIES AND NET ASSETS

	2017	2016
Liabilities		
Accounts payable	$ 538,130	$ 3,116
Accrued expenses	291,676	284,034
Deferred rent	35,757	40,427
Total liabilities	865,563	327,577
Net assets		
Unrestricted	1,272,112	577,707
Board-designated operating reserve	3,047,321	1,004,580
Total Unrestricted	4,319,433	1,582,287
Temporarily restricted	46,869	-
Total net assets	4,366,302	1,582,287
Total liabilities and net assets	**$ 5,231,865**	**$ 1,909,864**

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

THE TREVOR PROJECT

STATEMENT OF ACTIVITIES

Year Ended July 31, 2017

(with Comparative Information for the Year Ended July 31, 2016)

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
Revenue and support				
Contributions	$ 8,266,471	$ 60,000	$ 8,326,471	$ 3,336,108
In-kind services	469,968	-	469,968	373,066
Grants	375,100	-	375,100	304,142
Special event revenue, net	768,780	-	768,780	1,199,735
Other income	243	-	243	8,470
Net assets released from restrictions	13,131	(13,131)	-	-
Total revenue and support	9,893,693	46,869	9,940,562	5,221,521
Expenses				
Program services	5,795,100	-	5,795,100	4,982,196
General and administrative	677,161	-	677,161	461,979
Fundraising	684,286	-	684,286	695,929
Total expenses	7,156,547	-	7,156,547	6,140,104
Changes in net assets	2,737,146	46,869	2,784,015	(918,583)
Net assets, beginning of year	1,582,287	-	1,582,287	2,500,870
Net assets, end of year	**$ 4,319,433**	**$ 46,869**	**$ 4,366,302**	**$ 1,582,287**

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

THE TREVOR PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended July 31, 2017
(with Comparative Information for the Year Ended July 31, 2016)

	Program Services	General and Administrative	Fundraising	2017 Total	2016 Total
Personnel expenses					
Salaries	$ 2,628,155	$ 158,323	$ 379,974	$ 3,166,452	$ 2,973,455
Payroll taxes	179,805	10,832	25,996	216,633	276,368
Employee benefits	777,016	46,808	112,340	936,164	541,847
Total personnel expenses	3,584,976	215,963	518,310	4,319,249	3,791,670
Other expenses					
Advertising and public relations	19,654	1,184	2,842	23,680	5,689
Conferences and events	5,645	-	1,360	7,005	14,817
Depreciation and amortization	20,718	1,248	2,995	24,961	34,607
Equipment	267,130	16,092	38,621	321,843	286,245
Occupancy costs	417,467	25,149	60,356	502,972	471,166
Office supplies	32,802	2,386	4,743	39,931	26,878
Postage costs	15,889	957	2,297	19,143	14,850
Printing	29,409	1,772	4,252	35,433	31,095
Processing fees and other expenses	43,955	202,267	3,733	249,955	113,895
Professional services	214,267	124,868	-	339,135	255,818
In-Kind Legal services	428,892	68,075	-	496,967	373,066
Research	155,984	-	-	155,984	83,565
Resource development	39,528	2,381	5,712	47,621	43,051
Telephone	55,679	3,354	8,050	67,083	79,388
Travel	190,311	11,465	27,515	229,291	163,363
Trevor Space rebuild	12,516	-	-	12,516	267,000
Visibility	260,278	-	3,500	263,778	83,941
Total other expenses	2,210,124	461,198	165,976	2,837,298	2,348,434
Total functional expenses	**$ 5,795,100**	**$ 677,161**	**$ 684,286**	**$ 7,156,547**	**$ 6,140,104**

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

THE TREVOR PROJECT
STATEMENT OF CASH FLOWS
Year Ended July 31, 201
(with Comparative Information for the Year Ended July 31, 2016)

	2017	2016
Cash flows from operating activities		
Change in net assets	$ 2,783,813	$ (918,583)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	24,962	34,607
Bad debt expense	16,500	-
Changes in operating assets and liabilities:		
Decrease (increase) in		
Pledges receivable	(272,954)	228,580
Prepaid expenses and other assets	(118,915)	(10,702)
Accounts payable	535,014	(80,891)
Accrued expenses	7,642	148,654
Deferred rent	(4,670)	-
Net cash provided by (used in) operating activities	2,971,392	(598,335)
Cash flows from investing activities		
Cash transferred to restricted cash	(51)	(51)
Net cash used in investing activities	(51)	(51)
Net increase (decrease) in cash and cash equivalents	2,971,341	(598,386)
Cash and cash equivalents, beginning of year	1,446,136	2,044,522
Cash and cash equivalents, end of year	**$ 4,417,477**	**$ 1,446,136**

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

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 LGBTQ youth. 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 safe-space social network specifically for young LGBTQ people, TrevorSpace.org. Other programs include TrevorText, a free, confidential, secure service in which LBGTQ young people can text a trained Trevor counselor for support and crisis intervention and a suite of suicide prevention education programs, including Trevor Lifeguard, Trevor CARE, and Trevor Ally Workshops. The Organization also supports policy change at the federal and state level to enhance the mental health and well-being of LGBTQ young people through targeted interventions that address risk factors for suicide. 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, 2016. Learn more at www.TheTrevorProject.org.

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, 2016, from which the summarized information was derived.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)
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 operating reserve.

- *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.

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
For purposes of the statements of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with purchased maturities of three months or less.

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 doubtful accounts at July 31, 2017 was $10,000. The Organization did not have an allowance at July 31, 2016.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2017 and 2016.

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 $799,113 and $885,819 for the years ended July 31, 2017 and 2016, respectively.

Donated Services and In-kind Contributions

Volunteers contribute significant amounts of time to our 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 (Note 5).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising expenses are charged to expense as incurred. For the years ended July 31, 2017 and 2016, advertising expense was $23,680 and $5,689, respectively.

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.

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, 2017 and 2016, 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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Deposits. 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 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. A 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 August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU No. 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU No. 2016-15 is effective for annual periods, and interim periods within those years, beginning after December 15, 2017. Early adoption is permitted. The Organization's management is in the process of evaluating the impact of this accounting pronouncement on the Organization's financial statements.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at July 31, 2017 and 2016 is as follows:

	2017	2016
Computers and software	$ 296,280	$ 296,280
Website	158,666	158,666
Furniture, fixtures and equipment	87,600	87,600
Leasehold improvements	7,189	7,189
Total property and equipment	549,735	549,735
Less accumulated depreciation	(492,947)	(467,985)
Property and equipment, net	**$ 56,788**	**$ 81,750**

Depreciation expense totaled $24,962 and $34,607 for the years ended July 31, 2017 and 2016, respectively.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at July 31, 2017 were available for the following purposes:

	Available July 31, 2016	Revenue, Net	Releases from Restriction	Available July 31, 2017
Trevor Text	$ -	$ 60,000	$ (13,131)	$ 46,869
Total	**$ -**	**$ 60,000**	**$ (13,131)**	**$ 46,869**

NOTE 5 – DONATED SERVICES AND IN-KIND CONTRIBUTIONS

For the years ended July 31, 2017 and 2016, the Organization received donated legal services amounting to $469,967 and $373,066, respectively.

NOTE 6 – BOARD OF DIRECTORS AND EMPLOYEE CONTRIBUTIONS

During the years ended July 31, 2017 and 2016, Members of the Board of Directors contributed to the Organization to further its mission totaling $333,510 and $120,679, respectively.

During the years ended July 31, 2017 and 2016, the employees of the Organization made contributions to further the mission totaling $17,000 and $12,811, 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 2020 and require minimum monthly payments of $31,797. Total rental expense was $400,517 and $367,783 for the years ended July 31, 2017 and 2016, respectively. Future minimum lease payments are as follows:

For the Years Ending July, 31,	
2018	$ 296,793
2019	214,940
2020	108,928
Total	**$ 620,661**

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 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 $72,025 and $55,272 for the years ended July 31, 2017 and 2016, respectively.

NOTE 9 – SUBSEQUENT EVENTS

Management evaluated all activity through April 13, 2018 (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.