THE TREVOR PROJECT

(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JULY 31, 2015
(WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JULY 31, 2014)

THE TREVOR PROJECT
(A NONPROFIT ORGANIZATION)
CONTENTS
July 31, 2015

SingerLewak LLP

www.SingerLewak.com

Orange County
Los Angeles
Woodland Hills
San Francisco
San Jose
Monterey Park
Denver

50+ YEARS SINCE 1959

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Trevor Project
(A Nonprofit Organization)
West Hollywood, California

Report on the Financial Statements

We have audited the accompanying statement of financial position of The Trevor Project (a nonprofit organization) (the "Organization"), as of July 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements (collectively, 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 of 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 entity'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 entity'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.

2050 Main St. 7th Floor Irvine, CA 92614 T: 949.261.8600 F: 949.261.8610

877.754.4557

To the Board of Directors
The Trevor Project
(A Nonprofit Organization)
Page Two

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, 2015 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 15, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

SingerLewak LLP

SingerLewak LLP

Irvine, California
January 22, 2016

THE TREVOR PROJECT
(A NONPROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
July 31, 2015
(with Comparative Totals at July 31, 2014)

ASSETS

	2015	2014
Assets		
Cash and cash equivalents	$ 2,044,522	$ 2,020,464
Restricted cash	85,204	85,140
Pledges receivable	450,056	215,739
Prepaid expenses and other assets	64,545	94,454
Property and equipment, net	116,357	189,470
Total assets	**$ 2,760,684**	**$ 2,605,267**

LIABILITIES AND NET ASSETS

	2015	2014
Liabilities		
Accounts payable	$ 84,007	$ 15,483
Accrued expenses	135,380	288,920
Capital lease obligation	-	5,422
Deferred rent	40,427	33,565
Total liabilities	259,814	343,390
Commitments and Contingencies (Note 6)		
Net assets		
Unrestricted	121,803	(205,542)
Unrestricted – board-designated (Note 2)	2,285,000	2,285,000
Temporarily restricted	94,067	182,419
Total net assets	2,500,870	2,261,877
Total liabilities and net assets	**$ 2,760,684**	**$ 2,605,267**

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, 2015
(with Comparative Totals for the Year Ended July 31, 2014)

	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
Revenue and support				
Contributions	$ 3,193,105	$ 138,175	$ 3,331,280	$ 3,259,021
Grants	832,682	-	832,682	521,202
Special events, net of $990,625 and $954,989 of expenses, respectively	1,078,326	-	1,078,326	819,923
In-kind contributions	350,447	-	350,447	587,751
Other income	47,955	-	47,955	24,803
Net assets released from restrictions	226,527	(226,527)	-	-
Total revenue and support	5,729,042	(88,352)	5,640,690	5,212,700
Functional expenses				
Program services	4,368,178	-	4,368,178	4,879,457
General and administrative	460,202	-	460,202	472,125
Fundraising	573,317	-	573,317	675,246
Total functional expenses	5,401,697	-	5,401,697	6,026,828
Changes in net assets	327,345	(88,352)	238,993	(814,128)
Net assets, beginning of year	2,079,458	182,419	2,261,877	3,076,005
Net assets, end of year	**$ 2,406,803**	**$ 94,067**	**$ 2,500,870**	**$ 2,261,877**

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, 2015
(with Comparative Totals for the Year Ended July 31, 2014)

	Program Services	General and Administrative	Fundraising	2015 Total	2014 Total
Personnel expenses					
Salaries	$ 2,095,668	$ 206,979	$ 284,597	$ 2,587,244	$ 2,699,603
Payroll taxes	186,569	18,427	25,336	230,332	267,832
Employee benefits	408,369	40,333	55,457	504,159	544,554
Total personnel expenses	2,690,606	265,739	365,390	3,321,735	3,511,989
Other expenses					
Advertising and public relations	854	95	106	1,055	7,217
Bad debt expense	-	8,885	-	8,885	2,812
Conferences and events	7,370	-	1,729	9,099	28,955
Depreciation and amortization	57,329	6,370	7,077	70,776	61,228
Equipment	172,725	19,191	21,324	213,240	260,830
Interest expense	-	-	-	-	442
Occupancy costs	354,841	39,427	43,807	438,075	455,183
Office supplies	23,526	2,614	2,904	29,044	30,003
Postage costs	17,028	1,892	2,102	21,022	30,359
Printing	26,328	2,925	3,251	32,504	105,398
Processing fees and other expenses	105,873	11,764	13,071	130,708	73,761
Professional services	548,064	60,896	67,662	676,622	833,713
Resource development	55,816	6,202	6,891	68,909	109,614
Telephone	72,207	8,023	8,915	89,145	106,605
Travel	157,157	17,462	19,402	194,021	216,105
Visibility	78,454	8,717	9,686	96,857	192,614
Total other expenses	1,677,572	194,463	207,927	2,079,962	2,514,839
Total functional expenses	**$ 4,368,178**	**$ 460,202**	**$ 573,317**	**$ 5,401,697**	**$ 6,026,828**

THE TREVOR PROJECT
(A NONPROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
For the Year Ended July 31, 2015
(with Comparative Totals for the Year Ended July 31, 2014)

	2015	2014
Cash flows from operating activities		
Change in net assets	$ 238,993	$ (814,128)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation and amortization	70,776	61,228
Provision for bad debts	-	(39,108)
Changes in assets and liabilities		
(Increase) decrease in		
Pledges receivable	(234,317)	2,669
Prepaid expenses and other assets	29,909	(23,238)
Increase (decrease) in		
Accounts payable	68,524	(46,861)
Accrued expenses	(153,540)	186,648
Deferred rent	6,862	11,243
Net cash provided by (used in) operating activities	27,207	(661,547)
Cash flows from investing activities		
Cash transferred to restricted cash	(64)	(140)
Net cash used in investing activities	(64)	(140)
Cash flows from financing activities		
Principal payments of capital lease obligation	(3,085)	(3,559)
Net cash used in financing activities	(3,085)	(3,559)
Net increase (decrease) in cash and cash equivalents	24,058	(665,246)
Cash and cash equivalents, beginning of year	2,020,464	2,685,710
Cash and cash equivalents, end of year	**$ 2,044,522**	**$ 2,020,464**
Supplemental disclosures of cash flow information		
Cash payments for		
Interest	**$ -**	**$ 442**
Supplemental schedule of noncash financing activities		
Capital lease obligations forgiven when equipment was returned before the expiration of the capital lease agreement	**$ 2,337**	**$ -**

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 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 Suicideology, 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 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, 2014. 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, 2014, from which the summarized information was derived.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)
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 specifically designated $1,800,000 of unrestricted net assets as a contingency fund which includes approximately four months of operating expenses and requires board of directors' approval prior to being used by the Organization and $485,000 for capital expenditures. These designated funds consist of $2,285,000 of cash and cash equivalents.

- *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, 2015 and 2014.

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.

Restricted Cash
Restricted cash consists of an amount held by the bank to provide for a letter of credit. The letter of credit is explained further in Note 6.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges 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. Management believes all pledges receivable outstanding at July 31, 2015 are collectible.

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

The depreciation expense on assets acquired under capital leases are included with depreciation expense on owned 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, 2015 and 2014.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition
Contribution and fundraising revenues are recognized in the period in which the revenues are earned.

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.

In-kind Contributions
Contributions of donated noncash 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 and 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 years ended July 31, 2015 and 2014, the Organization recorded $7,189 and $11,453 for in-kind rent, respectively.

For the year ended July 31, 2015, the Organization also recorded in-kind contributions of $326,958 and $16,300 related to legal services and the donation of a car auctioned by the Organization, respectively. For the year ended July 31, 2014, the Organization recorded in-kind contributions of $87,159 and $495,327 related to legal services and consulting 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 and employees made cash contributions to support special events. For the year ended July 31, 2015, the Organization received cash contributions of $652,402 and $14,525 from members of the board of directors and employees, respectively. For the year ended July 31, 2014, the Organization received cash contributions of $122,129 and $9,664 from members of the board of directors and employees, respectively.

Advertising
Advertising expenses are charged to expense as incurred. For the years ended July 31, 2015 and 2014, advertising expense was $1,055 and $7,217, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2015, 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.

Jurisdiction	Open Tax Years
Federal	2011–2014
State	2010–2014

Fair Value of Financial Instruments

FASB ASC Topic No. 820, "Fair Value Measurements" ("ASC 820"), applies to all assets and liabilities that are recognized or disclosed at fair value. ASC 820 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, ASC 820 expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)
The statement requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- 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

In general and where applicable, the Organization uses quoted prices in active markets for identical assets or liabilities to determine fair value. If quoted prices in active markets for identical assets or liabilities are not available to determine fair value, then they use quoted prices for similar assets or inputs other than the quoted prices that are observable either directly or indirectly.

In accordance with ASC 820, the Organization classified all of its cash and cash equivalents in the Level 1 fair value hierarchy measured at fair value on a recurring basis at July 31, 2015.

The carrying amounts of pledges receivables, prepaid expenses and other assets, accounts payable and accrued expenses approximate their fair value because of the short maturity of these instruments. The carrying amounts of capital lease obligations approximate their fair value, as these financial instruments earn or are charged interest based on prevailing rates.

Recently Issued Accounting Pronouncements
In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to supersede nearly all existing revenue recognition guidance under GAAP. The core principle of ASU No. 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU No. 2014-09 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation. ASU No. 2014-09 will be effective for annual reporting periods beginning after December 15, 2018. The Organization's management is in the process of evaluating the impact of this accounting pronouncement on the Organization's financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)
In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. ASU No. 2014-15 explicitly requires management to evaluate, at each annual or interim reporting period, whether there are conditions or events that exist which raise substantial doubt about an entity's ability to continue as a going concern and to provide related disclosures. ASU No. 2014-15 is effective for annual periods ending after December 15, 2016, with early adoption permitted. The Organization's management is in the process of evaluating the impact of this accounting pronouncement on the Organization's financial statements.

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 ("FDIC"). Deposits held in non-interest-bearing transaction accounts are aggregated with any interest-bearing deposits the owner may hold in the same ownership category and the combined total insured up to at least $250,000. As of July 31, 2015 and 2014, the Organization had $1,605,584 and $1,594,493 in excess of the federally insured amounts, respectively. 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.

NOTE 3 – PLEDGES RECEIVABLE

At July 31, 2015 and 2014, the Organization had receivables that represented unconditional promises to donate funds by various individuals and organizations.

	2015	2014
Due in less than 1 year	$ 450,056	$ 183,320
Due in 1–5 years	-	32,419
Total pledges receivable	**$ 450,056**	**$ 215,739**

At July 31, 2015, four donors accounted for approximately 84% of total outstanding pledges receivable. At July 31, 2014, three donors accounted for approximately 60% of total outstanding pledges receivable.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at July 31, 2015 and 2014 is as follows:

	2015	2014
Computers and software	$ 296,280	$ 296,280
Furniture, fixtures and equipment	87,600	103,091
Leasehold improvements	7,189	7,189
Website	158,666	158,666
Total property and equipment	549,735	565,226
Less accumulated depreciation and amortization	(433,378)	(375,756)
Property and equipment, net	**$ 116,357**	**$ 189,470**

Depreciation and amortization expense totaled $70,776 and $61,228 for the years ended July 31, 2015 and 2014, respectively.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at July 31, 2015 were available for the following purposes:

	Available July 31, 2014	Revenue, Net	Releases from Restriction	Available July 31, 2015
Social networking site	$ -	$ 40,000	$ -	$ 40,000
Trevor Chat	-	98,175	(44,108)	54,067
Time	32,419	-	(32,419)	-
Call center operations	50,000	-	(50,000)	-
Trevor Live Los Angeles	100,000	-	(100,000)	-
Total	**$ 182,419**	**$ 138,175**	**$ (226,527)**	**$ 94,067**

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Organization has certain equipment and office space under non-cancelable operating leases that expire on various dates through 2020 and require minimum monthly payments of $28,971. Total rental expense was $357,192 and $321,876 for the years ended July 31, 2015 and 2014, respectively. Future minimum lease payments are as follows:

For the Years Ending July, 31,	
2016	$ 277,233
2017	203,588
2018	209,187
2019	214,940
2020	108,927
Total	**$ 1,013,875**

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 7 – 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 contributions up to $18,000. The Organization matches the employees' contributions up to 3% of the employees' compensation. Plan contributions made by the Organization were $57,327 and $53,904 for the years ended July 31, 2015 and 2014, respectively.

NOTE 8 – SUBSEQUENT EVENTS

Management evaluated all activity through January 22, 2016 (the issue date of the financial statements) 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.