THE TREVOR PROJECT

Saving Young LGBTQ Lives

FINANCIAL REPORT
JULY 31, 2019 and 2018

THE TREVOR PROJECT, INC.
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July 31, 2019 and 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 statements of financial position as of July 31, 2019 and 2018, the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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, 2019 and 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.

Singer Lewak LLP

March 5, 2020

THE TREVOR PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
July 31, 2019 and 2018

ASSETS

	2019	2018
Assets		
Cash	$ 5,184,368	$ 1,382,163
Contributions receivable, net	4,291,275	1,716,422
Prepaid expenses and other assets	566,626	275,779
Cash – board designated	8,059,347	7,048,908
Restricted cash	85,409	85,357
Equipment and leasehold improvements, net	308,083	184,056
Total assets	**$ 18,495,108**	**$ 10,692,685**

LIABILITIES AND NET ASSETS

	2019	2018
Liabilities		
Accounts payable and accrued expenses	$ 1,170,915	$ 846,263
Deferred revenue	25,000	90,000
Deferred rent	15,833	28,625
Total liabilities	1,211,748	964,888
Net assets		
Without donor restrictions		
Undesignated	8,528,709	1,802,672
Board-designated operating reserve	8,059,347	7,048,908
Total net assets without donor restrictions	16,588,056	8,851,580
With donor restrictions	695,304	876,217
Total net assets	17,283,360	9,727,797
Total liabilities and net assets	**$ 18,495,108**	**$ 10,692,685**

See notes to financial statements.

THE TREVOR PROJECT, INC.
STATEMENT OF ACTIVITIES
July 31, 2019 and 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions	$ 15,612,083	$ 1,093,231	$ 16,705,314
In-kind services	1,758,634	-	1,758,634
Grants	1,121,500	-	1,121,500
Special event revenue, net of direct benefits to donors	2,617,692	-	2,617,692
Other income	21,976	-	21,976
Net assets released from restrictions	1,274,144	(1,274,144)	-
Total revenue and support	22,406,029	(180,913)	22,225,116
Expenses			
Program services	12,414,057	-	12,414,057
General and administrative	863,192	-	863,192
Fundraising	1,392,304	-	1,392,304
Total expenses	14,669,553	-	14,669,553
Change in net assets	7,736,476	(180,913)	7,555,563
Net assets, beginning of year	8,851,580	876,217	9,727,797
Net assets, end of year	**$ 16,588,056**	**$ 695,304**	**$ 17,283,360**

See notes to financial statements.

THE TREVOR PROJECT, INC.
STATEMENT OF ACTIVITIES
July 31, 2019 and 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions	$ 8,603,866	$ 1,100,000	$ 9,703,866
In-kind services	1,442,265	-	1,442,265
Grants	830,300	-	830,300
Special event revenue, net of direct benefits to donors	2,121,905	-	2,121,905
Other income	93,070	-	93,070
Net assets released from restrictions	270,652	(270,652)	-
Total revenue and support	13,362,058	829,348	14,191,406
Expenses			
Program services	7,169,068	-	7,169,068
General and administrative	910,443	-	910,443
Fundraising	750,400	-	750,400
Total expenses	8,829,911	-	8,829,911
Change in net assets	4,532,147	829,348	5,361,495
Net assets, beginning of year	4,319,433	46,869	4,366,302
Net assets, end of year	**$ 8,851,580**	**$ 876,217**	**$ 9,727,797**

See notes to financial statements.

THE TREVOR PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

July 31, 2019 and 2018

		Supporting Services			
	Program Services	General and Administrative	Fundraising	Total	Total
Salaries, taxes, and benefits	$ 5,146,498	$ 370,626	$ 553,228	$ 923,854	$ 6,070,352
Advertising and public relations	415,644	-	-	-	415,644
Depreciation and amortization	49,122	3,538	5,280	8,818	57,940
In-kind legal services	1,490,986	107,374	160,275	267,649	1,758,635
Information technology	706,556	50,880	79,943	130,823	837,379
Occupancy costs	1,062,086	76,486	114,168	190,654	1,252,740
Office supplies	202,053	14,551	21,720	36,271	238,324
Other expenses	348,923	25,128	37,510	62,638	411,561
Professional services	1,626,742	116,275	273,400	389,675	2,016,417
Operations	455,916	32,833	49,009	81,842	537,758
Resource development	495,403	35,677	53,254	88,931	584,334
Cost of direct benefits to donors	-	-	772,148	772,148	772,148
Travel	414,128	29,824	44,517	74,341	488,469
Total expenses	12,414,057	863,192	2,164,452	3,027,644	15,441,701
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors	-	-	(772,148)	(772,148)	(772,148)
Total expenses included in the expense section on the statement of activities	**$ 12,414,057**	**$ 863,192**	**$ 1,392,304**	**$ 2,255,496**	**$ 14,669,553**

See notes to financial statements.

THE TREVOR PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
July 31, 2019 and 2018

		Supporting Services			
	Program Services	General and Administrative	Fundraising	Total	Total
Salaries, taxes, and benefits	$ 3,479,359	$ 279,885	$ 418,462	$ 698,347	$ 4,177,706
Advertising and public relations	72,976	-	-	-	72,976
Depreciation and amortization	20,789	1,672	2,500	4,172	24,961
In-kind legal services	1,311,538	145,726	-	145,726	1,457,264
Information technology	657,838	12,874	18,390	31,264	689,102
Occupancy costs	465,121	39,227	56,039	95,266	560,387
Office supplies	62,554	5,032	7,523	12,555	75,109
Other expenses	89,426	238,480	2,392	240,872	330,298
Professional services	491,507	145,433	182,906	328,339	819,846
Operations	138,505	11,681	16,688	28,369	166,874
Resource development	93,063	7,395	11,056	18,451	111,514
Cost of direct benefits to donors	-	-	719,544	719,544	719,544
Travel	286,392	23,038	34,444	57,482	343,874
Total expenses by function	7,169,068	910,443	1,469,944	2,380,387	9,549,455
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors	-	-	(719,544)	(719,544)	(719,544)
Total expenses included in the expense section on the statement of activities	**$ 7,169,068**	**$ 910,443**	**$ 750,400**	**$ 1,660,843**	**$ 8,829,911**

	2019	2018
Cash flows from operating activities		
Change in net assets	$ 7,555,563	$ 5,361,495
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	57,940	24,961
Bad debt expense	41,518	35,580
Changes in operating assets and liabilities:		
Contributions receivable	(2,616,371)	(1,274,072)
Prepaid expenses and other assets	(290,847)	(81,617)
Accounts payable and accrued expenses	324,652	16,458
Deferred revenue	(65,000)	90,000
Deferred rent	(12,792)	(7,132)
Net cash provided by operating activities	4,994,663	4,165,673
Cash flows from investing activities		
Purchase of equipment and leasehold improvements	(181,967)	(152,230)
Net cash used in investing activities	(181,967)	(152,230)
Net increase in cash and restricted cash	4,812,696	4,013,443
Cash and restricted cash, beginning of the year	8,516,428	4,502,985
Cash and restricted cash, end of year	**13,329,124**	**$ 8,516,428**
Reconciliation of cash and restricted cash:		
Cash	$ 5,184,368	$ 1,382,163
Restricted cash	85,409	85,357
Cash – board designated	8,059,347	7,048,908
Total cash and restricted cash	**$ 13,329,124**	**$ 8,516,428**

See notes to financial statements.

NOTE 1 – ORGANIZATION

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).

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash
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. A portion of the Organization's cash has been designated by the board for an operating reserve.

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 8.

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, 2019 and 2018 was $93,598 and $52,080, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment and Leasehold Improvements

Equipment and leasehold improvements 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

Deferred Revenue

Deferred revenue consists of sponsorships and ticket sales for special events which have not yet occurred.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction, and net assets with donor restriction, as follows:

- *Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without restrictions, net assets for an operating reserve.

- *Net assets with Donor Restrictions* – Net assets subject to donor (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 value of the services received (see Note 6).

Functional Allocation of Expenses
The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expense present the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries, employee benefits, payroll taxes, depreciation, In-kind legal services, professional services, supplies and occupancy costs, operations, processing fees, resource development and travel. These expenses are allocated on the basis of estimates of time and effort.

Income Taxes
The Organization is a not-for-profit organization that is exempt from income taxes under §501(c)(3) of the Internal Revenue Code and §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 potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the years ended July 31, 2019 and 2018, 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.

Impairment of Long-lived Assets
Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Measurement of an impairment loss is based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value, less cost to sell. The Organization did not recognize any impairment of long-lived asset losses in the years ended July 30, 2019 and 2018, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Concentration of Credit Risk
The Organization maintains its cash and cash equivalent balances in several financial institutions that, from time to time, exceed insured limits. 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.

Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from foundations and corporations supportive of the Organization's mission.

Recent 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 financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)
In February 2016, the FASB issued ASU 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, 2021, 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 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 the financial statements.

Recent Adopted Accounting Pronouncements
During the year ended July 31, 2019, the Organization adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities.* 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. The changes to the financial statements that are required by ASU 2016-14 have been retrospectively applied as of and for the fiscal year ended July 31, 2018. The Organization elected to not show the prior year liquidity information as allowed by the ASU during the year of adoption.

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 must be applied using a retrospective transition method with early adoption permitted. The changes to the financial statements that are required by ASU 2016-18 have been early adopted and retrospectively applied as of and for the year ended July 31, 2018.

NOTE 3 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of July 31, 2019, the following table reflects the Organization's financial assets that are available to meet general expenditures within one year of the statement of financial position date:

Cash and cash equivalents	$ 5,184,368
Contributions receivable, net	4,581,275
Total financial assets available for general expenditure	**$ 9,765,643**

The Organization considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Although the Organization does not intend to spend from the board-designated funds, in the event the need arises to utilize the board-designated operating reserve for liquidity purposes, the board-designated funds could be drawn upon through board resolution. As of July 31, 2019, the board-designated operating reserve was $8,059,347.

NOTE 4 – EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements at July 31, 2019 and 2018 are as follows:

	2019	2018
Computers and software	$ 571,376	$ 448,510
Website	158,666	158,666
Furniture, fixtures and equipment	110,041	87,600
Leasehold improvements	43,850	7,189
	883,933	701,965
Accumulated depreciation and amortization	(575,850)	(517,909)
Total	**$ 308,083**	**$ 184,056**

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

As of July 30, 2019 and 2018, net assets with donor restrictions are restricted for the following purposes:

	2019	2018
Subject to expenditure for specific purpose		
Advocacy	$ 160,000	$ 112,500
Education	207,500	225,000
Digital services	10,000	330,384
Crisis services	125,000	58,333
Events and programming	-	150,000
Recruiting	60,804	-
Volunteer program	50,000	-
Other programs	82,000	-
Total	**$ 695,304**	**$ 876,217**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors are as follows for the years ended July 31, 2019 and 2018:

	2019	2018
Satisfaction of purpose restrictions		
Advocacy	$ 202,500	$ 37,500
Education	230,000	30,000
Digital services	370,384	161,485
Crisis services	108,333	41,667
Events and programming	-	150,000
Recruiting	24,927	-
Volunteer program	150,000	-
Other programs	38,000	-
Total	**$ 1,274,144**	**$ 270,652**

NOTE 6 – IN-KIND SERVICES

For the years ended July 31, 2019 and 2018, the Organization received donated legal services amounting to $1,758,634 and $1,442,265, respectively.

NOTE 7 – BOARD OF DIRECTORS CONTRIBUTIONS

During the years ended July 31, 2019 and 2018, Members of the Board of Directors made contributions to the Organization to further its mission totaling $512,943 and $401,018, respectively.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

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

As of July 31, 2019, future required minimum lease payments are as follows:

Years Ending July 31,	
2020	$ 1,086,808
2021	332,073
Total	**$ 1,418,881**

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 9 – 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 $99,600 and $70,271 for the years ended July 31, 2019 and 2018, respectively.

NOTE 10 – SUBSEQUENT EVENTS

Management evaluated all activity through March 5, 2020 (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.