

**IOLA FOUNDATION
DBA: IT GETS BETTER PROJECT**

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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CONTENTS

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-17

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
IOLA Foundation dba: It Gets Better Project

Report on the Financial Statements

We have audited the accompanying financial statements of IOLA Foundation dba: It Gets Better Project (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2018, and 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.

Auditors' 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 auditors' 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IOLA Foundation dba: It Gets Better Project as of December 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.

INDEPENDENT AUDITORS' REPORT

continued

Other Matter

Report on Summarized Comparative Information

We have previously audited IOLA Foundation dba: It Gets Better Project's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial states in our report dated May 9, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Group

Pasadena, California

July 19, 2019

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

STATEMENT OF FINANCIAL POSITION

December 31, 2018

With comparative totals at December 31, 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 499,661	\$ 353,218
Accounts receivable	-	2,000
Prepaid expenses	10,171	7,795
Property and equipment (Note 4)	<u>13,969</u>	<u>10,791</u>
TOTAL ASSETS	<u>\$ 523,801</u>	<u>\$ 373,804</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	<u>\$ 28,952</u>	<u>\$ 19,855</u>
TOTAL LIABILITIES	<u>28,952</u>	<u>19,855</u>
NET ASSETS		
Without donor restrictions	<u>494,849</u>	<u>353,949</u>
TOTAL NET ASSETS	<u>494,849</u>	<u>353,949</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 523,801</u>	<u>\$ 373,804</u>

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

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

STATEMENT OF ACTIVITIES

For the year ended December 31, 2018

With comparative totals for the year ended December 31, 2017

	<u>2018</u>	<u>2017</u>
REVENUE AND SUPPORT		
Contributions	\$ 926,653	\$ 789,421
Interest income	117	70
Merchandise income - net of cost of goods sold of \$13,324	<u>(11,302)</u>	<u>4,396</u>
TOTAL REVENUE AND SUPPORT	<u>915,468</u>	<u>793,887</u>
EXPENSES		
Program services	648,366	512,776
Administrative	95,514	84,043
Fundraising	<u>30,688</u>	<u>27,899</u>
TOTAL EXPENSES	<u>774,568</u>	<u>624,718</u>
CHANGE IN NET ASSETS	140,900	169,169
NET ASSETS, BEGINNING OF YEAR	<u>353,949</u>	<u>184,780</u>
NET ASSETS, END OF YEAR	<u><u>\$ 494,849</u></u>	<u><u>\$ 353,949</u></u>

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

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2018
With comparative totals for the year ended December 31, 2017

	Program Services				Administrative	Fundraising	Total Expenses	
	Media	Community Engagement	International	Total			2018	2017
Salaries	\$ 150,415	\$ 59,961	\$ 116,448	\$ 326,824	\$ 35,995	\$ 20,425	\$ 383,244	\$ 310,993
Independent contractors	30,797	68,080	18,301	117,178	8,965	3,500	129,643	67,543
Travel and meeting expenses	13,628	21,447	25,944	61,019	1,806		62,825	42,035
Payroll taxes	11,856	4,742	8,891	25,489	2,667	1,482	29,638	24,893
Global grant recipients			27,505	27,505			27,505	20,028
Rent	8,668	3,467	6,501	18,636	1,950	1,084	21,670	18,000
Medical insurance	6,733	2,693	5,050	14,476	1,515	842	16,833	11,180
Dues and subscriptions	4,554	1,821	3,415	9,790	1,025	569	11,384	2,068
Accounting fees				-	11,332		11,332	10,164
Advertising	3,906	1,562	2,930	8,398	879	488	9,765	8,956
Audit and tax preparations				-	8,800		8,800	5,000
Bank charges				-	6,775		6,775	7,764
Taxes and licenses				-	5,792		5,792	12,298
Office expenses	2,244	897	1,683	4,824	505	280	5,609	8,821
Workers compensation	2,017	807	1,513	4,337	454	252	5,043	2,859
Printing and copying	1,910	764	1,433	4,107	430	239	4,776	14,254
Moving and storage expenses	1,812	724	1,358	3,894	408	226	4,528	1,824
Legal fees	1,030	270	736	2,036	2,270	147	4,453	-
Internet and telephone	1,754	701	1,315	3,770	394	219	4,383	4,708
Depreciation	1,664	665	1,247	3,576	374	208	4,158	3,377
Vacation accrual	1,508	603	1,130	3,241	339	188	3,768	2,322
Insurance	1,479	592	1,110	3,181	333	185	3,699	7,675
Postage and shipping	1,385	554	1,038	2,977	311	173	3,461	3,930
Equipment and software	649	260	487	1,396	146	81	1,623	-
Meals	596	239	447	1,282	134	75	1,491	2,653
Payroll fees				-	1,258		1,258	1,236
Staff and board meetings				-	612		612	3,276
Training	200	80	150	430	45	25	500	-
Production expenses				-			-	24,105
Events				-			-	2,607
Donations				-			-	149
TOTAL 2018 FUNCTIONAL EXPENSES	\$ 248,805	\$ 170,929	\$ 228,632	\$ 648,366	\$ 95,514	\$ 30,688	\$ 774,568	
TOTAL 2017 FUNCTIONAL EXPENSES	\$ 224,943	\$ 121,710	\$ 166,123	\$ 512,776	\$ 84,043	\$ 27,899		\$ 624,718

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

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

STATEMENT OF CASH FLOWS

For the year ended December 31, 2018

With comparative totals for the year ended December 31, 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 140,900	\$ 169,169
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,158	3,377
(Increase) decrease in operating assets:		
Accounts receivable	2,000	13,238
Prepaid expenses	(2,376)	(689)
Increase (decrease) in operating liabilities:		
Accounts payable	9,097	2,884
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>153,779</u>	<u>187,979</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	<u>(7,336)</u>	<u>(8,206)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(7,336)</u>	<u>(8,206)</u>
NET INCREASE IN CASH	146,443	179,773
CASH, BEGINNING OF YEAR	<u>353,218</u>	<u>173,445</u>
CASH, END OF YEAR	<u>\$ 499,661</u>	<u>\$ 353,218</u>

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

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

1. **Organization**

IOLA Foundation dba: It Gets Better Project (“IOLA Foundation”) is a California nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3).

Mission

The It Gets Better Project's mission is to uplift, empower, and connect lesbian, gay, bisexual, transgender, and queer (LGBTQ+) youth around the globe.

Hope is in high demand, especially for young LGBTQ+ people whose journey to self, family, and community acceptance is often met with incredible obstacles. Higher rates of bullying, family and peer rejection, homelessness, and sexual assault can all contribute to feelings of isolation, depression, hopelessness, and, in some cases, a descent into suicidal ideation. These challenges have motivated the development of many critical, life-saving resources for LGBTQ+ youth seeking hope and support when it is needed most. The It Gets Better Project is one of those resources.

History

At its heart, the It Gets Better Project is an activist movement. It was launched by syndicated columnist and author Dan Savage in 2010, who, with his husband Terry, was moved to act when he heard stories of LGBTQ+ youth dying from suicide and wanted to help prevent others from doing the same. They created the first It Gets Better video, which urged young LGBTQ+ people to stay true to themselves through bullying and other challenges of adolescence. The message was simple, that no matter how difficult things may be, it can get better. This message struck such a chord with people that it immediately went viral and inspired a spontaneous, organic grassroots movement to spread that message of hope. People around the globe began to create and share their own videos, telling their stories, giving rise to the It Gets Better® movement.

More than seven years later, the It Gets Better Project has seen it get better for millions of LGBTQ+ people. We have witnessed marriage equality in the United States and abroad, a White House bathed in rainbow light, and the normalization of coming out for a generation of young people who are redefining gender and sexuality in their own terms. The It Gets Better Project's messages of hope for LGBTQ+ youth, spread by diverse messengers and media channels, have inspired people around the world and continue to touch individual lives and contribute to sweeping cultural changes.

The It Gets Better Project has since amassed a dynamic collection of stories and other digital media content—shared via YouTube, Facebook, and other social channels—that expound on the values of resiliency, hope, community, and staying true to oneself. More than 60,000 individuals, corporations, and other organizations have shared their stories, and many have donated their time and financial resources, which has resulted in a highly recognized and celebrated global movement with a growing presence in 19 countries around the world. The stories about how life can and will get better are reaching young people and changing their own narratives of what's possible for them today and in the future.

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

The It Gets Better Project has touched countless individual lives - as seen through the tens of thousands of letters, emails and online comments we have received telling us so. We have given voice to the voiceless and shown a mirror to those who previously felt alone. We have engaged influential allies by including the voices of leaders and celebrities in the It Gets Better movement. For some, seeing that President Obama was on their side may have made the difference. For others, it was the person from their hometown, or one just like it, whose story was so similar it felt like it could be their own. We energized people to take action by making videos, and we provided hope to countless young

The It Gets Better Project is on a path to assembling the largest collection of positive LGBTQ+ content in the world, as well as creating a global content distribution platform capable of reaching millions of LGBTQ+ youth to bring hope, community, and support to all who seek it. By continuing to influence the global social narrative through new media initiatives, broadening its distribution network, and enhancing visibility of the It Gets Better brand, the It Gets Better Project will continue to reach young LGBTQ+ people who have the most to gain from the organization's positive and empowering work.

Today, the It Gets Better Project focuses its efforts in two major areas:

- *Storytelling.* The It Gets Better Project connects young LGBTQ+ people with the global LGBTQ+ community by providing access to an arsenal of uplifting and inspiring stories of hope, resilience, and determination, as told by members of the LGBTQ+ community and their allies.
- *Building Community.* The It Gets Better Project builds community both internationally and locally in three main ways: (a) by cultivating a growing network of international affiliates that have embraced the It Gets Better Project's mission to support LGBTQ+ youth in their home countries, (b) by engaging with young LGBTQ+ people both on and offline and, and (c) by connecting them to local community service providers that can provide on-the-ground assistance.

Storytelling

The It Gets Better Project works in all forms of media to bring messages of hope to LGBTQ+ youth and to spark conversations about the challenges they confront.

The It Gets Better Project's online video collection and social media platforms are at the center of its global messaging and outreach to youth. To date, the It Gets Better Project has received over 60,000 submissions from celebrities, organizations, activists, politicians and media personalities, and countless everyday LGBTQ+ people and their allies, representing all ages, races, religions, nationalities, gender identities, and sexual orientations. Submissions include President Barack Obama, Secretary of State and 2016 presidential candidate Hillary Clinton, Rep. Nancy Pelosi, Bishop Desmond Tutu, Prime Minister David Cameron, Adam Lambert, Anne Hathaway, Colin Farrell, Matthew Morrison of "Glee", Joe Jonas, Joel Madden, Kesha, Sarah Silverman, Tim Gunn, Ellen DeGeneres, Suze Orman, the staffs of Google, Facebook, Pixar, The Gap, the Broadway community, and many more. Every story and every video changes a life. It doesn't matter who shares it.

continued

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

Every video offers a unique perspective, but the core message in each is the same: telling LGBTQ+ youth that, whatever their circumstances, it gets better. This simple message has attracted close to one million social media followers – a number that grows by nearly 10,000 new followers every month.

The It Gets Better Project also works to feature the It Gets Better message throughout social media, television, and film. In partnership with cable channel MTV, it produced a television special called It Gets Better, featuring the stories of LGBTQ+ young people, their struggles and achievements. As a result, the It Gets Better Project received an Emmy® award for its use of the medium of television to achieve social good.

Social media remains a strong distribution channel for the It Gets Better Project's collaborative programming. MSNBC, ONE Archives, and the It Gets Better Project joined forces in 2015 to share the stories of 10 prominent LGBTQ+ activists in Los Angeles via produced videos. The It Gets Better Project also partnered with L-Studio by Lexus, Is or Isn't Entertainment, and Hypomania Content to create It Got Better, a three-season web series highlighting the stories of 18 out and proud celebrities, including RuPaul, Wanda Sykes, Portia de Rossi, and Candis Cayne.

The It Gets Better Project inspired a New York Times best-selling book titled, It Gets Better: Coming Out, Overcoming Bullying, and Creating a Life Worth Living. The book is a collection of some of the early It Gets Better stories that are part of the It Gets Better Project's online video collection. Through the It Gets Better Schools and Libraries Project, over 1,500 copies of the book have been donated to school and community libraries around the country.

The It Gets Better Project continues to ensure that the It Gets Better message is routinely featured in print, broadcast, social media, and other forms of media, such as film, theater, gaming, and public art, by working with organizations around the world to promote the It Gets Better Project's activities and advance discussions about topics important to LGBTQ+ youth.

Building Community

The It Gets Better Project brings messages of hope to LGBTQ+ youth around the world and works globally to inspire change in local communities.

The It Gets Better Project has been international in scope since the first It Gets Better videos appeared online. Beginning in those early days, countless It Gets Better videos have been offered from supporters around the globe. While the videos are diverse in language, culture, and political viewpoint, and feature a range of different issues, they always demonstrate the unifying theme that life can and will get better.

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

In addition to its foundation in the United States, the It Gets Better Project now supports a growing network of 20 international affiliates: Argentina, Austria, Brazil, Canada, Chile, Colombia, Dominican Republic, Ecuador, Greece, India, Italy, Mexico, Moldova, Paraguay, Peru, Portugal, Russia, Spain, Switzerland, and the United Kingdom. Each affiliate uses the power of the It Gets Better message in its own unique way to facilitate positive change for LGBTQ+ youth – while always keeping the power of storytelling front and center. Through coordinated efforts both domestic and overseas, and working alongside its affiliates, the It Gets Better Project is able to bring the expertise of established organizations into regions where resources for LGBTQ+ youth are scarce.

Building on the momentum of the international videos, the It Gets Better Project has supported programs to benefit LGBTQ+ youth on six continents through grantmaking initiatives. The programs are as diverse as the It Gets Better Project’s collection of videos. They include a museum exhibit in South Africa featuring local It Gets Better videos, an award-winning film featuring a transgender lead character in Thailand, and a program about addressing LGBTQ+ bullying at the U.S. embassy in Guadalajara, Mexico.

The It Gets Better Project participates in pride events, LGBTQ+ conferences, and a range of other activities around the world to interact directly with LGBTQ+ young people and hear from them about the issues they feel are most important to them. The It Gets Better Project then identifies existing resources or collaborates with partners to develop new resources to address these needs. Through this collaborative approach, the It Gets Better Project has improved the visibility of well-established organizations that provide services for LGBTQ+ youth. It has also generated opportunities to focus on emerging issues ranging from the participation of LGBTQ+ youth in recreational and professional sports to transgender health and wellness. The It Gets Better Project acts as a bridge for LGBTQ+ youth to connect with the community that cares so deeply about them, and it uses the power of collaboration to share positive messages of hope and resiliency.

2018 Highlights

Storytelling: Media

Inspiring It Gets Better stories were viewed 5.9 million times with a total of 3.9 million minutes watched. Some of the most watched stories in 2018 include:

- Pop sensation Hayley Kiyoko’s advice for LGBTQ+ youth on National Coming Out Day.
- PJ Simmons and Noah Aberlin, aka the Dancing Grooms, sharing their personal It Gets Better stories on the heels of their famous wedding dance mash-up – complete with a Dirty Dancing lift!
- Connecting with YouTube stars Ben J. Pierce, Nikita Dragun, Manny MUA, Alexis G. Zall, Joey Graceffa, and Kingsley at VidCon 2019 to discuss how social media positively impacted their coming out experiences.
- VH1’s 2019 It Gets Better Pride campaign featuring inspiring stories shared by queer talent from the network’s slate of programming, including Peppermint, Jiggly Caliente, Yuhua Hamasaki, and Eureka O’Hara from RuPaul’s Drag Race; Jonathan Fernandez from Love & Hip Hop: New York; Thalia Almodovar and Vee Reyes from Beauty Bar; and, AD Diggs and Moniece Slaughter from Love & Hip Hop: Hollywood.

continued

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

2018 Highlights, continued

- It Gets Better Project Founder, Terry Miller's, tour of the world-famous Tom of Finland House in Los Angeles, California.
- Stories of Transilience with Transilient, a traveling photo project collecting the experiences of trans people throughout the US.

The list goes on and on to include heartfelt and uplifting stories from Justice Horn (NCAA wrestler), Ryan Jamaal Swain (Actor, Pose), DJ GRiZ, employees from Riot Games and Twitch, Bo Burnham (Director, Eighth Grade), Elsie Fisher (Actor, Eighth Grade) Greg Berlanti (Director, Love, Simon), Chloe Grace Moretz and the cast of The Miseducation of Cameron Post, Alyson Stoner (Musician), and hundreds more shared by brave and empowered LGBTQ+ people from around the world.

The It Gets Better Project's new education initiative, It Gets Better EDU, which converts popular It Gets Better media content into guides designed to help facilitate discussions about the LGBTQ+ experience in the classroom, received a generous grant from Los Angeles County's 3rd District Supervisor Sheila Kuehl to enhance the program's reach in Los Angeles. This year, the It Gets Better Project's free-for-download EduGuide library expanded to include:

- Coloring with Max and McKenna, an It Gets Better Project original web series capturing the stories of some of social media's most beloved queer influencers.
- Out & Around, a heartwarming documentary that captures the momentous changes occurring in the status of queer people around the world today.
- Project Contrast, a photo-storytelling project highlighting the voices of LGBTQ+ youth across the US.
- Boy Robot, a fast-paced, high-stakes YA novel from recording artist Simon Curtis that explores humanity, the ultimate power of empathy, and the greatest battle of all: love versus fear.

More than 1,000 students around the world participated in It Gets Better EDU programming. And, more than 500 educators received training on how to leverage It Gets Better content in the classroom to facilitate discussions around issues impacting the LGBTQ+ community.

Building Community: General

Game developer Riot Games selected the It Gets Better Project as one of its first partners in the LGBTQ+ space with a global IDAHOT campaign. The campaign included a generous investment in the international expansion efforts of the It Gets Better Project, as well as a League of Legends in-game animation to draw visibility to the organization's efforts against homophobia and transphobia.

The It Gets Better Project expanded the geographic footprint of its Pride event series to include Miami. The series, now visible in Miami, Los Angeles, and New York, is designed to provide fun and meaningful opportunities for local communities to rally around the It Gets Better message under the banner of local Pride celebrations.

continued

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

The It Gets Better Project also launched its *Pride on the Horizon* youth event in New York City. Co-presented with Seventeen Magazine, the event catered specifically to youth ages 13-20 and included drag performances, DJ and dancing, photobooth, beauty bar, and most importantly, an opportunity for guests to make new friends.

Queer YA author, Simon Curtis, joined the It Gets Better Project at the Los Angeles Times' Festival of Books on the University of Southern California campus. While there, Simon signed copies of his latest novel, *Boy Robot*, for festival goers – and helped to raise a few dollars for the It Gets Better Project at the same time.

Representatives from the It Gets Better Project were invited to present at multiple events throughout the year, including Models of Pride, the Los Angeles LGBT Center's annual youth conference; EF Summits in New York and Berlin, which cater to youth audiences interested in creating positive change in the world; Workplace by Facebook's inaugural FLOW summit in San Jose; South by Southwest (SXSW) Music Festival and its education-focused predecessor SXSW Edu; El Camino Real Charter and Eagle Rock High Schools, and Van Nuys/Valley Pride in Los Angeles county; Camp Brave Trails, a popular day camp for LGBTQ+ youth in San Bernardino; and Time to Thrive, the Human Rights Campaign's annual conference for educators.

The It Gets Better Project's online Get Help page, accessible via ItGetsBetter.org, now offers references to over 1,100 direct service providers in the US and around the globe. This arsenal of support is carefully curated to ensure that the needs of LGBTQ+ youth are being addressed from a variety of angles, from mental health services and crisis intervention to basic human needs and peer-support.

Building Community: International

The It Gets Better Project now has an international footprint spanning four continents. The It Gets Better Global Affiliate Network includes twenty organizations aligned under the banner of creating a better world for LGBTQ+ youth everywhere. In 2018, the It Gets Better Project launched three new affiliates: Argentina, the Dominican Republic, and the United Kingdom. And, Lalit Hospitality Group, brought its special brand of hope to the leadership circle of It Gets Better India.

The It Gets Better Project offers its affiliates continuing education opportunities in the form of two, regional summits. In 2018, the Project returned to western Europe for its second annual EuroSummit in Gothenburg, Sweden, and it launched its first LatAm Summit in Bogota, Colombia for affiliates in Latin America. These summits are opportunities for members of the It Gets Better Project's Global Affiliate Network to connect, discuss global issues impacting LGBTQ+ young people, and learn new strategies to improve outcomes in their respective markets.

The It Gets Better Project presents an annual, competitive grant opportunity for the It Gets Better Global Affiliate Network. The opportunity provides much-needed financial support to It Gets Better efforts abroad, in addition to helping affiliates prepare for other grant opportunities outside of the It Gets Better family. This year, eight organizations received It Gets Better grants:

continued

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

- It Gets Better Brasil. Funding to create the “Getting Better” video series documenting the creation of Brazil’s first GSA networks in Curitiba and Rio de Janeiro.
- It Gets Better Paraguay. Funding to create a 10-part web series focusing on local and international LGBTQ+ holidays and celebrations.
- It Gets Better Portugal. Funding to create the second season of Vamos Falar? A video series featuring diverse LGBTQ+ individuals discussing their coming out experience with family members.
- It Gets Better México. Funding to create a 5-part video series highlighting LGBTQ+ history in Mexico starting with the 1901 raid on the “Dance of the 41 Faggots” in Mexico City.
- It Gets Better España. Funding to create a 6-part series documenting the experience of LGBTQ+ people who have experienced homelessness.
- It Gets Better United Kingdom. Received a start-up grant to support costs associated with purchasing equipment (cameras, lights, mics, etc.) and paid advertising for social media followership development.
- It Gets Better República Dominicana. Received a start-up grant to support costs associated with purchasing equipment (cameras, lights, mics, etc.) and paid advertising for social media followership development.
- Red Paraguaya de la Diversidad Sexual. Sponsorship support for the 15th annual Asunción LGBT Pride March. It Gets Better Paraguay is a member of the event’s planning committee.

2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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 donor restrictions, net assets for an operating reserve.

continued

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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 the 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.

Concentration of Credit Risks

IOLA Foundation places its temporary cash investments in high-credit, quality financial institutions. At times, such accounts may be in excess of the Federal Deposit Insurance Corporation insurance limit. IOLA Foundation has not incurred losses related to these investments.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand dollars and the useful life is greater than one year.

Income Taxes

IOLA Foundation is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by IOLA Foundation in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. IOLA Foundation's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

Costs of providing the IOLA Foundation's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Advertising

IOLA Foundation uses advertising to promote its programs among the public it serves. Advertising costs are expensed as incurred. Advertising costs for the year ended December 31, 2018 amounted to \$9,765.

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 reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncement

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now titled "without donor restrictions" and "with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for the periods prior to adoption. IOLA Foundation's financial statements for year-ended December 31, 2018 are presented in accordance with ASU 2016-14.

continued

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Comparative Totals

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 IOLA Foundation's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through July 19, 2019, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

3. Liquidity and Availability of Resources

IOLA Foundation receives contributions and sponsorships from a variety of sources. These funds are used exclusively to support our program events, operations and to meet cash needs for our general expenditures. IOLA Foundation manages its liquidity by following three guiding principles: (1) operating within a prudent range of financial soundness and stability; (2) maintaining adequate liquid assets to fund near-term operating needs; and, (3) maintaining enough reserves to provide reasonable assurance that long-term obligations will be discharged.

IOLA Foundation strives to maintain financial liabilities at a minimum of 30 days operating expenses and targets a year-end balance of reserves of unrestricted, undesignated net assets to meet 60 to 90 days of expected expenditures. To achieve these targets IOLA Foundation forecasts its future cash flows and monitors its liquidity and reserves quarterly. During the year ended December 31, 2018, the level of liquidity and reserves were managed within expectations.

As of December 31, 2018, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash	<u>\$499,461</u>
Financial assets available to meet general expenditures within one year	<u>\$499,461</u>

continued

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

4. Property and Equipment

Property and equipment at December 31, 2018 consist of the following:

Software	\$ 2,250
Equipment	8,411
Computers	15,928
Less: accumulated depreciation	<u>(12,620)</u>
	<u>\$ 13,969</u>

Depreciation expense for the year ended December 31, 2018 was \$4,158.