

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

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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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 statement of IOLA Foundation dba: It Gets Better Project (a nonprofit organization), as of December 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.

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 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 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 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.

INDEPENDENT AUDITORS' REPORT

continued

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, 2015, and the changes in its net assets and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The December 31, 2014 financial statements were reviewed by us, and our report thereon, dated July 2, 2015, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Harrington Group

Pasadena, California

April 5, 2016

IOLA FOUNDATION dba: IT GETS BETTER PROJECT

STATEMENT OF FINANCIAL POSITION

December 31, 2015

With comparative totals at December 31, 2014

	(Audited) 2015	(Reviewed) 2014
ASSETS		
Cash	\$ 221,561	\$ 89,023
Accounts receivable	13,729	8,277
Prepaid expense	5,347	5,268
Equipment	8,172	5,703
TOTAL ASSETS	\$ 248,809	\$ 108,271
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 10,274	\$ 9,873
TOTAL LIABILITIES	10,274	9,873
NET ASSETS		
Unrestricted	238,535	81,784
Temporarily restricted	-	16,614
TOTAL NET ASSETS	238,535	98,398
TOTAL LIABILITIES AND NET ASSETS	\$ 248,809	\$ 108,271

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, 2015

With comparative totals for the year ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>(Audited) 2015</u>	<u>(Reviewed) 2014</u>
REVENUE AND SUPPORT				
Contributions	\$ 496,632	\$ -	\$ 496,632	\$ 330,724
Merchandise income - net of cost of goods sold of \$4,438	2,670		2,670	16,234
Interest Income	34		34	3
Release of purpose restrictions	16,614	(16,614)	-	-
TOTAL REVENUE AND SUPPORT	<u>515,950</u>	<u>(16,614)</u>	<u>499,336</u>	<u>346,961</u>
EXPENSES				
Program services	272,673		272,673	261,643
Administrative	60,362		60,362	70,728
Fundraising	26,164		26,164	17,538
TOTAL EXPENSES	<u>359,199</u>	<u>-</u>	<u>359,199</u>	<u>349,909</u>
CHANGE IN NET ASSETS	156,751	(16,614)	140,137	(2,948)
NET ASSETS, BEGINNING OF YEAR	<u>81,784</u>	<u>16,614</u>	<u>98,398</u>	<u>101,346</u>
NET ASSETS, END OF YEAR	<u>\$ 238,535</u>	<u>\$ -</u>	<u>\$ 238,535</u>	<u>\$ 98,398</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, 2015

With comparative totals for the year ended December 31, 2014

	Program Services				Total Expenses			
	Media	Community Engagement	International	Total	Administrative	Fundraising	(Audited) 2015	(Reviewed) 2014
Salaries	\$ 58,509	\$ 29,255	\$ 58,509	\$ 146,273	\$ 23,364	\$ 4,305	\$ 173,942	\$ 208,297
Independent Contractors	17,571	13,668	22,873	54,112	2,373	20,365	76,850	34,030
Rent	5,226	2,614	5,228	13,068	1,999	308	15,375	28,356
Payroll Taxes	5,097	2,549	5,098	12,744	1,949	300	14,993	17,404
Accounting Fees				-	13,820		13,820	10,687
Medical Insurance	3,480	1,740	3,480	8,700	1,331	205	10,236	2,293
Travel & Meeting Expenses	4,466		4,466	8,932			8,932	10,162
Office Expenses	2,251	1,125	2,250	5,626	860	132	6,618	7,247
Internet	1,980	991	1,981	4,952	758	117	5,827	4,976
Bank Charges				-	4,925		4,925	4,332
Audit & Tax Preparations				-	4,500		4,500	1,500
Insurance	1,288	644	1,289	3,221	493	76	3,790	3,741
Moving & Storage Expenses	1,265	633	1,265	3,163	484	74	3,721	-
Postage & Shipping	1,167	584	1,168	2,919	447	69	3,435	2,294
Meals	885	443	885	2,213	338	52	2,603	602
Workers Compensation	790	396	791	1,977	303	47	2,327	2,638
Depreciation	524	262	524	1,310	200	31	1,541	884
Payroll Fees				-	1,459		1,459	1,416
Dues & Subscriptions	485	242	484	1,211	185	28	1,424	1,067
Printing and copying	307	153	306	766	117	18	901	1,068
Production Expenses	861			861			861	-
Legal Fees	106	53	106	265	41	6	312	1,779
Advertising				-	285		285	235
Vacation Accrual	93	47	93	233	36	5	274	3,821
Telephone	50	26	51	127	20	3	150	454
Taxes & Licenses				-	75		75	75
Events				-		23	23	-
Training				-			-	426
Donation				-			-	125
TOTAL 2015 FUNCTIONAL EXPENSES	\$ 106,401	\$ 55,425	\$ 110,847	\$ 272,673	\$ 60,362	\$ 26,164	\$ 359,199	
TOTAL 2014 FUNCTIONAL EXPENSES	\$ 74,806	\$ 113,158	\$ 73,679	\$ 261,643	\$ 70,728	\$ 17,538		\$ 349,909

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, 2015

With comparative totals for the year ended December 31, 2014

	<u>(Audited)</u> <u>2015</u>	<u>(Reviewed)</u> <u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 140,137	\$ (2,948)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,541	884
(Increase) decrease in operating assets:		
Accounts receivable	(5,452)	(8,277)
Prepaid expenses	(79)	(1,227)
Increase (decrease) in operating liabilities:		
Accounts payable	401	4,585
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>136,548</u>	<u>(6,983)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	<u>(4,010)</u>	<u>(4,786)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(4,010)</u>	<u>(4,786)</u>
NET INCREASE (DECREASE) IN CASH	132,538	(11,769)
CASH, BEGINNING OF YEAR	<u>89,023</u>	<u>100,792</u>
CASH, END OF YEAR	<u>\$ 221,561</u>	<u>\$ 89,023</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 communicate to lesbian, gay, bisexual and transgender youth around the world that it gets better, and to create and inspire the changes needed to make it better for them.

Growing up isn't easy. Many young people face daily tormenting and bullying, leading them to feel like they have nowhere to turn. This is especially true for LGBT kids and teens who often hide their sexuality for fear of bullying. Without other openly gay adults and mentors in their lives, they can't imagine what their future may hold. In many instances, gay and lesbian adolescents are taunted — even tortured — simply for being themselves.

While many of these teens couldn't see a positive future for themselves, we can. The It Gets Better Project was created to show young LGBT people the levels of happiness, potential, and positivity their lives will reach. The It Gets Better Project wants to remind youth in the LGBT community that they are not alone — and it *will* get better.

History

In September 2010, syndicated columnist and author Dan Savage created a YouTube video with his partner Terry Miller to inspire hope for young people facing harassment. In response to a number of students taking their own lives after being bullied in school, they wanted to create a personal way for supporters everywhere to tell LGBT youth that, yes, it does indeed get better. Their video offered a needed message of hope to lesbian, gay, bisexual and transgender (LGBT) youth. It urged young people to stay true to themselves even through the bullying and other challenges that confronted them in their adolescent years. It described the positive future they could experience as adults. The message was simple, that no matter how difficult things may be, it gets better.

That first video was the catalyst for the founding of the It Gets Better Project and ignited a worldwide movement, inspiring more than 60,000 user-created videos viewed more than 50 million times. To date, the project has received submissions from celebrities, organizations, activists, politicians and media personalities, including President Barack Obama, Secretary of State and 2016 Presidential candidate Hillary Clinton, Rep. Nancy Pelosi, 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. For us, every video changes a life. It doesn't matter who makes it.

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

- Media
- International
- Community Engagement

IOLA FOUNDATION dba: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

Media

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

The Project's online video collection and social media platforms remain at the center of its global messaging and outreach to youth. The videos have been viewed tens of millions of times, and feature celebrities, musicians, professional athletes, political leaders, and countless everyday LGBT people and their allies, representing all ages, races, religions, nationalities, gender identities, and sexual orientations. Every video offers a unique perspective, but the core message in each is the same: telling LGBT youth that, whatever their circumstances, *it gets better*.

The Project also works to feature the *it gets better* message through television and film. In partnership with MTV and Logo, it produced a recurring special called *It Gets Better*, featuring the stories of LGBT young people, their struggles and achievements. As a result, the Project received an Emmy® award for its use of the medium of television to achieve social good.

The media program of the It Gets Better Project continues to ensure that the *it gets better* message is routinely featured in print journalism, radio and other forms of media, by working with news organizations around the world to promote the Project's activities and advance discussions about topics important to LGBT youth.

Lastly, the 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 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.

International

The It Gets Better Project brings messages of hope to LGBT 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. The videos are diverse in language, culture, and political viewpoint, and feature a range of different issues, but they always demonstrate the unifying theme that *it gets better*.

Building on the momentum of the international videos, the Project has supported initiatives to benefit LGBT youth on six continents. These initiatives are as diverse as the 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, a program about addressing LGBT bullying at the U.S. embassy in Guadalajara, Mexico, and participation in pride festivals in several European capitals. People around the world have found inspiration in the *it gets better* message, and through that inspiration, the Project continues to identify new ways to create resources and improve the lives of LGBT youth.

continued

IOLA FOUNDATION dba: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

The Project now also supports a growing network of more than a dozen international affiliates, from Chile and Portugal to Mexico and Greece, each of which uses the power of the *it gets better* message in its own unique way to facilitate change for LGBT youth. Through coordinated efforts both domestic and overseas, and working alongside its affiliates, the Project is able to bring the expertise of established organizations into regions where resources for LGBT youth are scarce.

Community Engagement

The It Gets Better Project works directly in communities and collaborates with other organizations to connect LGBT youth with the resources they need and to leverage the Project's mainstream recognition to raise awareness and inspire change.

The Project was created by harnessing the power of an ever-growing chorus of voices that banded together to share messages of positivity with LGBT youth. More than just sharing messages, however, the Project participates in pride events, LGBT-oriented conferences and a range of other activities to interact directly with LGBT young people and hear from them about the issues they feel are most important to them. The Project then identifies existing resources or collaborates with partners to develop new resources that address these needs. Through this collaborative approach, the Project has improved the visibility of well-established organizations that provide services for LGBT youth. It has also generated opportunities to focus on emerging issues ranging from the participation of LGBT youth in recreational and professional sports to transgender health and wellness. The Project acts as a bridge for LGBT youth to connect with the community that cares so deeply about them, and uses the power of working together to show LGBT youth a brighter future.

2015 Highlights

- Supporting the continued dissemination of positive messages for LGBT youth every day, the Project's social media posts were shared by 1,188,537 users to reach 182 million people. The Project's website, ItGetsBetter.org, saw more than 490,400 unique visitors in 2015.
- The Project partnered with Frito-Lay in September 2015 to launch Doritos Rainbows, the first Doritos product in history comprised of multiple, rainbow-colored chips inspired by the Pride flag. This limited edition product celebrated and supported the LGBT community in the boldest, most colorful way possible and was made exclusively available to consumers who donated to the It Gets Better Project. The partnership generated over 1.5 billion online media impressions within days of its announcement. The campaign was bolstered by a large presence at Dallas Pride with Pepsi Co Equal, where festival patrons could record their own It Gets Better videos.
- During Pride season, the Project partnered with Uber (#RideWithPride) to connect transportation and the act of storytelling in six major metro areas: Los Angeles, San Francisco, Seattle, San Diego, Portland and Dallas. Uber customers who selected the RideWithPride option triggered a percentage of sales promotion allowing a portion of their fee to be donated to the It Gets Better Project. Some cars were equipped with video recording capabilities, which allowed passengers an opportunity to record their own messages of hope.

continued

IOLA FOUNDATION dba: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

1. Organization, continued

- Representatives from the It Gets Better Project spoke at the Accelerate. LGBT conferences hosted at Google offices in San Francisco and New York City. Project representatives gave keynote addresses on the importance of utilizing Google technologies as an LGBT nonprofit and/or LGBT-owned business.
- The Project launched three new international affiliates: Todo Mejora Ecuador, It Gets Better Greece, and It Gets Better Columbia. There are now 13 official affiliates carrying the It Gets Better Project's mission forward by creating online and grassroots impact (Austria, Chile, Columbia, Ecuador, Greece, Italy, Moldova, Mexico, Paraguay, Peru, Portugal, Spain, and Switzerland).
- The It Gets Better Project maintained its global presence via speaking engagements at community-building events in eight countries. From an LGBT conference in Sweden to LGBT Center discussions in Italy and Spain, the Project leveraged the expertise of its international affiliates to bring it gets better messaging to the international community. Other activities included participation in the 40 Years of Pride conference held in Tel Aviv and a speaking tour in Mexico City. These opportunities would not have been possible without the additional support of the International Lesbian, Gay, Bisexual, Transgender & Queer Youth & Student Organization; A Wider Bridge; the US Embassy in Mexico; and many other institutions dedicated to creating a better world for LGBT youth.
- Continuing the Project's tradition of engaging the global community through Google Hangouts, monthly webinars were hosted for the Project's international affiliates to encourage collaboration and the sharing of successful engagement strategies. Special guests from #GivingTuesday and International Day Against Homophobia and Transphobia were added to the mix for different perspectives on the work. Many international affiliates operate in regions where resources are scarce. The Google Hangout platform is a wonderful way for the It Gets Better Project to share innovative ideas and tools with its partners.
- In partnership with the It Gets Better Project, lesbian couple Jennifer Chang and Lisa Dazols, created a thoughtful and touching look at LGBT life around the world in the film *Out & Around*. The documentary follows Jennifer and Lisa on a year-long trip interviewing LGBT global leaders from more than a dozen countries. The film was screened at several film festivals, including Outfest LA, and at the Castro Theater in San Francisco in conjunction with eBay and Lesbians Who Tech. It premiered on cable channel Logo in August 2015.
- A collaboration between MSNBC, ONE Archives Foundation, and the It Gets Better Project gave rise to *Fearless: How 10 LGBT Activists Made It Better*, a weekly online docuseries (hosted by MSNBC) featuring 10 individuals who were trailblazers in the 20th Century LGBT civil rights movement in Los Angeles.

continued

IOLA FOUNDATION dba: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

- The It Gets Better Project announced the “5 Years Better” campaign, which honors the five-year anniversary of the first It Gets Better video created by Dan Savage and Terry Miller in 2010. The initiative includes an invitation for people to create and submit their own films commemorating the key moments that made a difference and committing to make the next five years even better. The campaign is a product of a collaboration between Team One and the It Gets Better Project.

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.

Accounting

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of IOLA Foundation are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Unrestricted. These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Permanently Restricted. These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit IOLA Foundation to expend all of the income (or other economic benefits) derived from the donated assets. At December 31, 2015, IOLA Foundation had no permanently restricted net assets.

Temporarily Restricted. IOLA Foundation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions. At December 31, 2015, IOLA Foundation had no temporarily restricted net assets.

IOLA FOUNDATION dba: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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.

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.

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.

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, 2014 from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through April 5, 2016, the date the financial statements were available to be issued. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

3. Property and Equipment

Property and equipment at December 31, 2015 consist of the following:

Software	\$ 2,250
Computers	8,797
Less: accumulated depreciation	<u>(2,875)</u>
	<u>\$ 8,172</u>

Depreciation expense for the year ended December 31, 2015 was \$1,541.

4. Related Party Transactions

IOLA Foundation subleases property from a corporation that also employs one Board member. The amount paid was \$7,906.