

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

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2021, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

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, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of IOLA Foundation dba: It Gets Better Project and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about IOLA Foundation dba: It Gets Better Project's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITORS' REPORT

continued

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 IOLA Foundation dba: It Gets Better Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about IOLA Foundation dba: It Gets Better Project's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited IOLA Foundation dba: It Gets Better Project's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Group

Pasadena, California
August 22, 2022

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

STATEMENT OF FINANCIAL POSITION

December 31, 2021

With comparative totals at December 31, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 3,129,161	\$ 1,727,265
Restricted cash - board reserve	509,157	318,762
Accounts receivable	314,032	293,150
Prepaid expenses	7,098	6,785
Property and equipment (Note 4)	25,443	23,883
TOTAL ASSETS	<u>\$ 3,984,891</u>	<u>\$ 2,369,845</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 75,523	\$ 54,314
Paycheck protection program loan (Note 5)	-	87,397
TOTAL LIABILITIES	<u>75,523</u>	<u>141,711</u>
NET ASSETS		
Without donor restrictions	1,431,502	2,228,134
Without donor restrictions - board designated (Note 6)	800,000	-
With donor restrictions (Note 6)	1,677,866	-
TOTAL NET ASSETS	<u>3,909,368</u>	<u>2,228,134</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,984,891</u>	<u>\$ 2,369,845</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, 2021
 With comparative totals for the year ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021</u>	<u>2020</u>
REVENUE AND SUPPORT				
Contributions and grants	\$ 2,112,622	\$ 1,815,000	\$ 3,927,622	\$ 2,138,531
Merchandise income	54,321		54,321	1,285
Interest income	752		752	248
Other income			-	162,500
Net assets released from restrictions (Note 6)	137,134	(137,134)	-	-
TOTAL REVENUE AND SUPPORT	<u>2,304,829</u>	<u>1,677,866</u>	<u>3,982,695</u>	<u>2,302,564</u>
EXPENSES				
Program services	1,977,732		1,977,732	1,279,523
Administrative	204,857		204,857	145,183
Fundraising	206,269		206,269	116,424
TOTAL EXPENSES	<u>2,388,858</u>	<u>-</u>	<u>2,388,858</u>	<u>1,541,130</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	(84,029)	1,677,866	1,593,837	761,434
OTHER CHANGES				
Forgiveness of paycheck protection program loan (Note 5)	87,397		87,397	-
CHANGE IN NET ASSETS	3,368	1,677,866	1,681,234	761,434
NET ASSETS, BEGINNING OF YEAR	<u>2,228,134</u>	<u>-</u>	<u>2,228,134</u>	<u>1,466,700</u>
NET ASSETS, END OF YEAR	<u>\$ 2,231,502</u>	<u>\$ 1,677,866</u>	<u>\$ 3,909,368</u>	<u>\$ 2,228,134</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, 2021

With comparative totals for the year ended December 31, 2020

	Program Services			Total Program Services	Administrative	Fundraising	Total Expenses	
	Education	Media	International				2021	2020
Salaries	\$ 137,651	\$ 324,821	\$ 214,807	\$ 677,279	\$ 75,655	\$ 106,310	\$ 859,244	\$ 507,302
Production expenses		221,519	44,490	266,009			266,009	469,783
Advertising	25,992	196,105		222,097			222,097	834
Program consulting	5,925	120,065	1,666	127,656			127,656	-
Marketing services	22,450	67,350		112,250			112,250	-
Global grant recipients	19,830	4,283	76,500	100,613			100,613	40,739
Training	5,040	16,590	11,550	33,180	36,870	7,110	77,160	3,380
Payroll taxes	10,778	25,522	13,769	50,069	5,671	7,807	63,547	39,472
Employee benefits	10,307	24,483	14,085	48,875	5,204	8,158	62,237	-
Talent	3,150	58,082		61,232			61,232	-
Rent	9,005	21,317	12,278	42,600	5,492	6,942	55,034	53,479
Graphic and web design	49,959	2,539	240	52,738	320		53,058	3,000
Venue rental		29,266	1,205	30,471			30,471	-
Independent contractors	1,651	5,803	2,829	10,283	1,921	15,986	28,190	234,719
Travel and meeting expenses	29	5,692	20,177	25,898			25,898	13,968
Bad debts				-		24,720	24,720	-
Bank charges			23	23	20,882		20,905	3,513
Dues and subscriptions	356	11,323	729	12,408	4,059	4,274	20,741	46,686
Other program costs	8,765	8,734	266	17,765		442	18,207	-
Post-production		17,962		17,962			17,962	-
Accounting fees				-	17,791		17,791	16,831
Merchandise		3,279		3,279		14,139	17,418	-
Fundraising compliance services		16,362		16,362			16,362	-
Program supplies & equipment	10,531	3,065		13,596			13,596	-
Office expenses	267	4,526	538	5,331	6,336	892	12,559	12,299
Depreciation	1,187	4,532	3,237	8,956	1,187	647	10,790	5,920
Legal fees				-	8,179		8,179	4,925
Payroll fees	1,296	3,028	1,742	6,066	721	1,009	7,796	1,242
Audit and tax preparations				-	7,400		7,400	9,500
Insurance	1,188	1,253	1,207	3,648	2,053	1,173	6,874	5,511
Postage and shipping	437	822	250	1,509	318	5,019	6,846	5,787
Workers compensation	848	1,983	1,119	3,950	458	625	5,033	2,484
Printing and copying		1,000	1,691	2,691	176		2,867	3,149
Internet and telephone	377	1,049	469	1,895	394	353	2,642	8,458
Recruitment expense	32	306		338	2,134		2,472	-
Events	87	616		703		663	1,366	-
Staff and board meetings				-	699		699	334
Miscellaneous				-	662		662	-
Taxes and licenses				-	252		252	247
Transportation				-	23		23	-
Medical insurance				-			-	40,934
Vacation accrual				-			-	6,634
TOTAL 2021 FUNCTIONAL EXPENSES	\$ 327,138	\$ 1,203,277	\$ 447,317	\$ 1,977,732	\$ 204,857	\$ 206,269	\$ 2,388,858	
TOTAL 2020 FUNCTIONAL EXPENSES	\$ 144,171	\$ 793,224	\$ 342,128	\$ 1,279,523	\$ 145,183	\$ 116,424		\$ 1,541,130

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, 2021

With comparative totals for the year ended December 31, 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,681,234	\$ 761,434
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,790	5,920
Forgiveness of paycheck protection program loan	(87,397)	-
(Increase) decrease in operating assets:		
Restricted cash	(190,395)	(202,990)
Accounts receivable	(20,882)	(283,150)
Prepaid expenses	(313)	102
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	21,209	13,687
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,414,246</u>	<u>295,003</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(12,350)	(9,063)
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(12,350)</u>	<u>(9,063)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from paycheck protection program loan	-	87,397
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>87,397</u>
NET INCREASE IN CASH	1,401,896	373,337
CASH, BEGINNING OF YEAR	<u>1,727,265</u>	<u>1,353,928</u>
CASH, END OF YEAR	<u>\$ 3,129,161</u>	<u>\$ 1,727,265</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 – 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 a decade 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 70,000 individuals, corporations, and other organizations have shared their stories, and many have donated their time and financial resources, which has resulted in a universally recognized and celebrated global movement with a growing presence in 20 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 LGBTQ+ people.

The It Gets Better Project has become the world's largest storytelling effort to empower LGBTQ+ young people and is the destination resource for queer and questioning youth exploring their sexual orientation and/or gender identity. The organization is 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 three areas:

Storytelling and Media: Storytelling is at the center of our global effort to empower LGBTQ+ youth. We work in all forms of media to bring messages of hope to LGBTQ+ youth, spark conversations about the challenges they confront, and inform and positively influence their sexual orientation and gender identity journey.

Global Community Building: The It Gets Better Project works with like-minded organizations around the world to bring life-affirming storytelling initiatives to local LGBTQ+ youth communities. Our work now spans four continents and eight languages making us the world's largest storytelling effort to empower LGBTQ+ youth! The It Gets Better team works tirelessly to provide our affiliates with the resources they need to be successful, including content translations, financial support, continuing education, and more.

Education: With a premier youth ambassador program and a growing library of free educational resources delving into the LGBTQ+ experience, tens of thousands of middle and high school students are engaged through It Gets Better EDU programming every year in person, digitally and wherever learning takes place.

STORYTELLING & MEDIA

Stories are the vehicle we use to connect with LGBTQ+ young people around the world. Each wisdom-infused It Gets Better story has the power to uplift and inspire LGBTQ+ youth to pursue their greatest potential. In 2021, the It Gets Better Project shared dozens of powerful stories that were viewed more than **7.2 million times across Facebook, YouTube, Instagram, Twitter, Tumblr, TikTok, and Twitch**, and more than **400,650 people** paid a visit to ItGetsBetter.org, our information-rich website, to engage with resources designed to inform a sexual orientation and/or gender journey.

continued

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

Some of our favorite stories from 2021 include:

- Comedian **Margaret Cho** and actor **Kyle Dean Massey** reflecting on their original It Gets Better stories were a continuation of the 2020 Ten Years Better campaign honoring the It Gets Better Project's 10-year anniversary!
- **Travis Flores** and his partner **Clement** sharing how they found love in the midst of incredible, life-threatening circumstances.
- Drag queen **Kyne Santos** bringing queer perspectives to the world of STEM.

With the vast majority of its 15 million daily active users being under the age of 35 (and more than 40% under the age of 24), the continued rise in popularity of gaming entertainment and the social communities that are formed around it, **Twitch** has been identified as a priority community ready for the It Gets Better Project. The platform provides an incredibly unique opportunity to further the life-affirming message of the It Gets Better Project, while supporting direct interaction with young queer people where they play and socialize. With a soft launch in Spring 2021, and an official launch of a Twitch ambassador program in the fall, the It Gets Better Project's newest channel quickly generated more than **1,000 subscribers** – a considerable feat – by the end of 2021!

We teamed up with **Riot Games** to deliver a three-hour event on Twitch for **Transgender Day of Visibility**. The event pulled together trans Rioters to discuss representation in gaming, while raising additional funds for **The Okra Project** and **GATE** – two organizations dedicated to serving the transgender community here in the US and around the world. More than \$10,000 was raised from nearly **1,500 concurrent viewers** during the event.

Pride continued to thrive in the digital space with the second annual ***It Gets Better: A Digital Pride Experience***. This two-day, 10-hour live streamed event hosted by Kalen Allen brought back familiar faces, like **Caleb Marshall** (aka **The Fitness Marshall**), **Rob Anderson**, **Chelsea Piers**, **Jordy**, **Ryan O'Connell**, **Laverne Cox**, and **Mark Kanemura**. A major cohort of new members of the It Gets Better family came to celebrate, as well – folks like **Monique Heart**, **Tony Talks**, **Herschel Canton-Hudson**, **Ivan Lam**, **Vincint**, **MJ Rodriguez**, **Zachary Quinto**, **Calle y Poche**, **Aly & AJ**, **Pablo Vittar**, and more! This incredible slate of talent, along with the generous support of **American Eagle**, **Lexus**, **Hopelab**, **Converse**, **elf Cosmetics**, **Funko**, **Zenni Optical**, **Zumba**, and **Gallagher Insurance**, helped the It Gets Better Project reach an incredible **300K viewers** here in the US and around the world. The event and other It Gets Better Pride activations were featured by **Good Morning America**, **Popsugar**, **Esquire**, **Los Angeles Times**, **E! Online**, **Attitude**, and **Out Magazine** generating **114.4M social media impressions** and **1.1M social media engagements**.

With one of the most queer-inclusive administrations in history, **President Biden** added his message to the It Gets Better Project's growing arsenal of testimonials from elected officials. Between his It Gets Better video as Vice President, and now President, the Biden message has been viewed hundreds of thousands of times across all It Gets Better social platforms.

continued

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

Returning for its third year, **#QueerBook**, a back-to-school glow-up campaign to remind queer teens to embrace their best selves, made a full transition to TikTok. The 2021 campaign was launched with videos from popular TikTok content creators, like **@NaturallyCharity**, **@elliott_enby** and **@julianburzynski**. And, with more than **37.7 million impressions**, made possible by thousands of contributors, the weeklong effort was a total success!

In partnership with Procter & Gamble, the It Gets Better Project released **Passion Power Performance: Out & Training for the 2022 Tokyo Olympics**. The series followed the lives of four queer athletes in training for the summer games: **Chelsea Wolfe** (BMX), **Courtney Ryan** (wheelchair basketball), **Izzy Cerullo** (rugby), and **Michael Gunning** (swimming). The series reached more than **2.5 million youth** across Facebook, YouTube, Snapchat, and TikTok and is currently available for permanent viewing on the It Gets Better Project's YouTube channel.

For **National Coming Out Day** and **LGBT History Month**, we collaborated with **Converse** on a "Moments in Our History" campaign that prompted LGBTQ+ micro-influencers to highlight the most impactful, significant, and/or surprising moments that stick out to them in LGBTQ+ history. The effort garnered more **400,000 views**.

The It Gets Better Project's original series **Writing Our Own Dictionary** was released in October 2022. **Nia Roe, Eli Erlick, Joe Montoya, Yuhua Hamisaki, Sarah Hart, Andy Arias**, and the extended cast brought their personal perspectives to the world of LGBTQ+ language and the subjective value of labels and their influence on identity. The series went on to become a **2022 Webby Award Honoree!** The series reached nearly **2 million youth** across Facebook, YouTube, Snapchat, and TikTok is currently available for permanent viewing on the It Gets Better Project's YouTube channel.

GLOBAL COMMUNITY BUILDING

It Gets Better Global exists to help bring the mission of the It Gets Better Project to countries across the globe and to support and ensure the success of the storytelling and community-building efforts of the It Gets Better Project's Global Affiliate Network.

Our Global Affiliate Network now spans 19 countries with the 2021 introduction of **It Gets Better Panama**. The It Gets Better Project's global storytelling efforts are now available in eight languages: English, Spanish, Portuguese, Russian, German, Greek, French, and Hungarian!

Launched in 2017, the It Gets Better Project's **Global Grantmaking** initiative has awarded more than \$305K in grants and scholarships to international organizations and activists serving the needs of LGBTQ+ youth. Grantmaking exceeded \$83,000 in 2021 and included the following:

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

- **It Gets Better Mexico.** Supporting generation operations of the It Gets Better Project's Mexican affiliate.
- **It Gets Better Canada.** Supporting general operations of the It Gets Better Project's Canadian affiliate.
- **It Gets Better Colombia.** Supporting general operations of the It Gets Better Project's Colombian affiliate.
- **It Gets Better Hungary.** Supporting the launch of the It Gets Better Project's new affiliate in Hungary, including the production of three It Gets Better videos and the associated distribution plan.
- **Taiwan Equality Campaign.** Supporting the production of a promotional video to elevate the visibility of the Asia Rainbow Ride, a cycling event to raise funds for LGBTQ+ youth-focused initiatives in Taiwan.
- **It Gets Better Guatemala.** Supporting the acquisition of video equipment, the launch of a social media strategy, and a series of testimonial videos highlighting LGBTQ+ Guatemalans who have overcome challenges associated with the COVID-19 pandemic.
- Discretionary microgrants for organizations serving BIPOC communities were awarded to **Queer Women of Color Media Arts Project, Keshet, Black AIDS Institute, Latino Equality Alliance, National Queer and Trans Therapists of Color Network, United We Dream, Waves Ahead, and BreakOUT!**

From June 21-22, in the lead up to It Gets Better: A Digital Pride Experience, the It Gets Better Project hosted its **2021 Global Summit**, a two-day digital gathering of **125 queer activists** representing **16 countries** within the It Gets Better Global Affiliate Network. The event featured eight sessions with 30 panelists including members from the It Gets Better Project's 2021/2022 Youth Voices cohort, mental health experts, nonprofit professionals, social activists, and social influencers covering topics of global interest like mental health and well-being, immigration reform, and racial justice.

EDUCATION

With a premier youth ambassador program and a growing library of free educational resources delving into the LGBTQ+ experience, tens of thousands of middle and high school students are engaged through It Gets Better EDU programming every year.

Thousands of educational materials were downloaded by educators throughout 2021 to reach more than **50,000 students** participating in both on and offline learning environments. This year, the It Gets Better Project's free-for-download EduGuide library expanded to include:

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

1. Organization, continued

- **Passion Power Performance: Out & Training for the Tokyo Olympics.** A complementary guide to an original It Gets Better Project production – made in partnership with Procter & Gamble – highlighting four queer LGBTQ+ athletes as they train for the 2021 Tokyo Olympics.
- **Writing Our Own Dictionary.** Another complementary guide to an It Gets Better Project original web series highlighting LGBTQ+ people discussing how language and labels influence their identities and everyday lives.
- **Working It Out: An LGBTQ+ Employee Resource Series.** A six-part series designed to foster a deeper understanding of the LGBTQ+ experience and to support stronger allyship in the workplace.

The It Gets Better Project continues to work with the County of Los Angeles to workshop EduGuides in middle and high schools within the third supervisorial district. Entering its second year, the partnership is motivated by **Los Angeles County Supervisor Sheila Kuehl** and funded via the **County Delinquency Prevention Program**. To date, the program has reached **1,200 students** in the Los Angeles area.

Now in its second year, the It Gets Better Project's youth ambassador program **Youth Voices** continues to illustrate the immeasurable energy and passion young LGBTQ+ people have for creating a world that accepts them as they are. During the 2021/2022 academic year, we welcomed 13 diverse and passionate LGBTQ+ youth to the program. These exceptional young people have partnered with the It Gets Better Project to offer their unique stories and words of advice to other LGBTQ+ youth around the globe. They are students, artists, and activists who are working to change their communities for the better and who have empowering insights to lend to their LGBTQ+ peers.

In November 2022, the It Gets Better Project, in partnership with America Eagle and Aerie, launched a \$500K grant initiative to support LGBTQ+ inclusion in middle and high schools across the US. The program, **50 States 50 Grants 5,000 Voices**, will aim to fund 1-2 projects with the capacity to improve the experience of LGBTQ+ students at school in every US state, the District of Columbia, and populated US territory. Grants will be valued at up to \$10K each and will be selected and distributed for the 2022-2023 academic year.

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

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.

Revenue and Revenue Recognition

IOLA Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. As of December 31, 2021, IOLA Foundation did not have any contributions categorized as conditional.

A portion of IOLA Foundation's revenue is derived from cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when IOLA Foundation has incurred expenditures in compliance with specific contract or grant provisions.

If amounts are received prior to incurring qualifying expenditures, such amounts are reported as refundable advances in the statement of financial position. IOLA Foundation received cost-reimbursable grants that were earned as expenses were incurred and are reported in the Statement of Activities. IOLA Foundation did not receive advance payments, grants, or contracts during the current fiscal year.

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.

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.

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.

Reclassification

Certain accounts from the December 31, 2020 financial statements have been reclassified for comparative purposes to conform to the December 31, 2021 presentation.

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.

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, 2021 amounted to \$222,097.

continued

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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.

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, 2020, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through August 22, 2022, 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.

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO 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, 2021, the level of liquidity and reserves were managed within expectations.

As of December 31, 2021, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash	\$ 3,129,161
Accounts receivable, net	314,032
Less: Board designated net assets	(800,000)
Donor designated net assets	<u>(1,677,866)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 965,327</u>

4. Property and Equipment

Property and equipment at December 31, 2021 consist of the following:

Software	\$ 2,250
Equipment	12,802
Computers	37,832
Furniture	6,625
Less: accumulated depreciation	<u>(34,066)</u>
	<u>\$ 25,443</u>

Depreciation expense for the year ended December 31, 2021 was \$10,790.

continued

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

5. Paycheck Protection Program

In April 2020, IOLA Foundation received loan proceeds in the aggregate amount of \$87,397 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period.

The unforgiven portion of the PPP loan is payable over two to five years at an interest rate of 1%, with a deferral of payments for the first six months. IOLA Foundation intends to use the proceeds for purposes consistent with the PPP. IOLA Foundation currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan.

On April 14, 2021, IOLA Foundation received notification from its Small Business Administration (“SBA”) PPP loan servicer that their PPP loan forgiveness application was approved. As such, IOLA Foundation recorded revenue of \$87,397 for the year ended December 31, 2021.

The SBA reserves the right to review any loan in their discretion and the SBA will review any loan over \$2 million. Areas of review include eligibility, necessity, calculation of the loan amount, use of loan proceeds, and the calculation of the loan forgiveness amount. PPP loan documentation should be retained for six years after the date the loan is forgiven or repaid in full.

6. Net Assets With Restrictions

In 2020, the Iola Foundation established a strategic plan that prioritized 1) refining and expanding existing programming, 2) strengthening engagement and deepening the relationship with LGBTQ+ youth ages 13-18, and 3) improving organizational infrastructure and governance to support program expansion thus furthering the reach of the It Gets Better message.

With an exceptional financial return in 2021, the Iola Foundation’s Board of Directors directed a significant portion of unrestricted assets to ensure the success of the strategic plan, including investments in It Gets Better programming and staff and Board member training.

The allocation is as follows:

Media programs	\$300,000
Education programs	250,000
Global programs	200,000
Staff and Board development	<u>50,000</u>
	<u>\$800,000</u>

continued

IOLA FOUNDATION DBA: IT GETS BETTER PROJECT

NOTES TO FINANCIAL STATEMENTS

6. Net Assets With Restrictions, continued

IOLA Foundation's donor restricted net assets as of December 31, 2021 consist of the following:

Education programs	\$ 825,000
Media programs	590,000
Global programs	<u>262,866</u>
	<u>\$1,677,866</u>

For the year ended December 31, 2021, net assets released from purpose restrictions were \$137,134.