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THE JED FOUNDATION
Financial Statements
December 31, 2018 and 2017
With Independent Auditors' Report

The JED Foundation
December 31, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
The JED Foundation:

We have audited the accompanying financial statements of The JED Foundation, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The JED Foundation as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2018, The JED Foundation adopted Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities* (Topic 958). Our opinion is not modified with respect to this matter.

WithumSmith+Brown, PC

July 23, 2019

The JED Foundation
Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 4,714,314	\$ 3,353,835
Pledges receivable	2,570,208	1,119,619
Prepaid expenses	124,745	67,835
Fundraising materials	<u>5,981</u>	<u>11,883</u>
Total current assets	7,415,248	4,553,172
Property and equipment, net	345,266	553,917
Other assets		
Pledges receivable, long-term, net	1,489,357	577,676
Security deposits	<u>51,287</u>	<u>76,072</u>
Total other assets	<u>1,540,644</u>	<u>653,748</u>
Total assets	<u>\$ 9,301,158</u>	<u>\$ 5,760,837</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 274,801	\$ 320,953
Deferred revenue	223,340	--
Accrued rent	38,957	34,592
Security deposit payable	<u>--</u>	<u>3,027</u>
Total liabilities	537,098	358,572
Net assets		
Without donor restrictions	2,826,445	3,268,606
With donor restrictions	<u>5,937,615</u>	<u>2,133,659</u>
Total net assets	<u>8,764,060</u>	<u>5,402,265</u>
Total liabilities and net assets	<u>\$ 9,301,158</u>	<u>\$ 5,760,837</u>

The Notes to Financial Statements are an integral part of these statements.

The JED Foundation
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and revenues						
Special events, gross proceeds						
Contributions	\$ 1,791,776	\$ --	\$ 1,791,776	\$ 1,610,996	\$ --	\$ 1,610,996
Ticket sales	97,365	--	97,365	97,650	--	97,650
Less: Direct benefits to donors	<u>(299,254)</u>	<u>--</u>	<u>(299,254)</u>	<u>(322,377)</u>	<u>--</u>	<u>(322,377)</u>
Net proceeds from special events	1,589,887	--	1,589,887	1,386,269	--	1,386,269
Contributions	277,394	6,643,340	6,920,734	384,432	2,491,506	2,875,938
Program service revenue	368,331	--	368,331	462,319	--	462,319
Contributed services and materials	2,176,004	--	2,176,004	1,706,487	--	1,706,487
Investment income	20,694	--	20,694	1,586	--	1,586
Rental income	32,788	--	32,788	41,385	--	41,385
Net assets released from restrictions	<u>2,839,384</u>	<u>(2,839,384)</u>	<u>--</u>	<u>3,012,254</u>	<u>(3,012,254)</u>	<u>--</u>
Total support and revenues	7,304,482	3,803,956	11,108,438	6,994,732	(520,748)	6,473,984
Expenses						
Program services						
Higher education	2,255,118	--	2,255,118	1,824,116	--	1,824,116
High school	839,103	--	839,103	813,562	--	813,562
Youth and community campaigns and education	<u>3,478,257</u>	<u>--</u>	<u>3,478,257</u>	<u>2,601,272</u>	<u>--</u>	<u>2,601,272</u>
Total program services	6,572,478	--	6,572,478	5,238,950	--	5,238,950
Supporting services						
Management and general	598,472	--	598,472	423,620	--	423,620
Fundraising	<u>575,693</u>	<u>--</u>	<u>575,693</u>	<u>674,783</u>	<u>--</u>	<u>674,783</u>
Total supporting services	1,174,165	--	1,174,165	1,098,403	--	1,098,403
Total expenses	<u>7,746,643</u>	<u>--</u>	<u>7,746,643</u>	<u>6,337,353</u>	<u>--</u>	<u>6,337,353</u>
Changes in net assets	(442,161)	3,803,956	3,361,795	657,379	(520,748)	136,631
Net assets, beginning of year	<u>3,268,606</u>	<u>2,133,659</u>	<u>5,402,265</u>	<u>2,611,227</u>	<u>2,654,407</u>	<u>5,265,634</u>
Net assets, end of year	<u>\$ 2,826,445</u>	<u>\$ 5,937,615</u>	<u>\$ 8,764,060</u>	<u>\$ 3,268,606</u>	<u>\$ 2,133,659</u>	<u>\$ 5,402,265</u>

The Notes to Financial Statements are an integral part of these statements.

The JED Foundation
Statements of Functional Expenses
Year Ended December 31, 2018 with Comparative Totals for 2017

	Program Services				Supporting Services			2018 Total	2017 Total
	Higher Education	High School	Youth and Community Campaigns and Education	Program Services Total	Management and General	Fund Raising	Supporting Services Total		
Salaries	\$ 945,554	\$ 308,482	\$ 567,980	\$ 1,822,016	\$ 224,849	\$ 204,648	\$ 429,497	\$ 2,251,513	\$ 1,757,570
Employee benefits	75,948	24,778	45,621	146,347	18,060	16,438	34,498	180,845	131,650
Payroll taxes	63,517	20,722	38,154	122,393	15,104	13,747	28,851	151,244	114,638
Professional services	561,340	168,801	452,812	1,182,953	135,900	44,678	180,578	1,363,531	1,336,582
In kind advertising	--	117,945	1,443,560	1,561,505	--	--	--	1,561,505	1,149,069
In kind professional services	32,238	18,805	426,917	477,960	124,639	--	124,639	602,599	557,418
Occupancy	103,922	33,904	62,425	200,251	24,713	22,492	47,205	247,456	244,942
Office expense and fees	59,212	15,969	83,848	159,029	16,820	46,389	63,209	222,238	173,474
Depreciation and amortization	154,511	41,702	45,434	241,647	20,719	7,284	28,003	269,650	171,899
Travel	117,738	14,672	33,778	166,188	3,210	15,590	18,800	184,988	154,632
Advertising and public relations	25,273	7,400	119,473	152,146	--	17,806	17,806	169,952	144,378
Video production and technology	3,989	5,780	16,450	26,219	--	60,225	60,225	86,444	104,337
Website maintenance	43,682	28,996	60,467	133,145	--	--	--	133,145	87,022
Conferences and training	32,312	7,895	11,619	51,826	4,148	3,775	7,923	59,749	7,457
Recruiting	17,769	4,469	8,228	30,466	3,257	2,964	6,221	36,687	1,040
Event management	--	--	--	--	--	60,123	60,123	60,123	63,458
Printing and reproduction	12,353	18,699	10,996	42,048	--	16,757	16,757	58,805	43,720
Event expenses	200	--	33,886	34,086	--	10,304	10,304	44,390	34,961
Bad debts	--	--	--	--	--	18,464	18,464	18,464	27,865
Merchandise	--	--	11,349	11,349	--	619	619	11,968	13,696
Miscellaneous	5,560	84	5,260	10,904	428	13,390	13,818	24,722	5,066
Insurance	--	--	--	--	6,625	--	6,625	6,625	12,479
	<u>\$ 2,255,118</u>	<u>\$ 839,103</u>	<u>\$ 3,478,257</u>	<u>\$ 6,572,478</u>	<u>\$ 598,472</u>	<u>\$ 575,693</u>	<u>\$ 1,174,165</u>	<u>\$ 7,746,643</u>	<u>\$ 6,337,353</u>

The Notes to Financial Statements are an integral part of these statements.

The JED Foundation
Statements of Functional Expenses
Year Ended December 31, 2017

	Program Services				Supporting Services			Total
	Higher Education	High School	Youth and Community Campaigns and Education	Program Services Total	Management and General	Fund Raising	Supporting Services Total	
Salaries	\$ 694,567	\$ 181,299	\$ 489,306	\$ 1,365,172	\$ 154,041	\$ 238,357	\$ 392,398	\$ 1,757,570
Employee benefits	48,148	13,580	40,530	102,258	11,538	17,854	29,392	131,650
Payroll taxes	41,927	11,825	35,292	89,044	10,047	15,547	25,594	114,638
Professional services	484,104	187,425	579,540	1,251,069	59,383	26,130	85,513	1,336,582
In kind advertising	247,647	245,892	655,530	1,149,069	--	--	--	1,149,069
In kind professional services	--	30,599	327,463	358,062	123,623	75,733	199,356	557,418
Occupancy	89,583	25,266	75,407	190,256	21,467	33,219	54,686	244,942
Office expense and fees	48,718	11,943	42,670	103,331	34,840	35,303	70,143	173,474
Depreciation and amortization	36,882	40,615	76,108	153,605	2,029	16,265	18,294	171,899
Travel	59,286	15,158	49,469	123,913	479	30,240	30,719	154,632
Advertising and public relations	14,876	38,694	89,233	142,803	--	1,575	1,575	144,378
Video production and technology	12,200	--	25,375	37,575	--	66,762	66,762	104,337
Website maintenance	31,832	8,276	46,914	87,022	--	--	--	87,022
Conferences and training	6,477	--	980	7,457	--	--	--	7,457
Recruiting	950	--	950	950	90	--	90	1,040
Event management	--	--	--	--	--	63,458	63,458	63,458
Printing and reproduction	1,952	2,128	16,333	20,413	--	23,307	23,307	43,720
Event expenses	36	--	34,925	34,961	--	--	--	34,961
Bad debts	--	--	--	--	500	27,365	27,865	27,865
Merchandise	--	--	12,954	12,954	--	742	742	13,696
Miscellaneous	2,002	36	777	2,815	411	1,840	2,251	5,066
Insurance	2,929	826	2,466	6,221	5,172	1,086	6,258	12,479
	<u>\$ 1,824,116</u>	<u>\$ 813,562</u>	<u>\$ 2,601,272</u>	<u>\$ 5,238,950</u>	<u>\$ 423,620</u>	<u>\$ 674,783</u>	<u>\$ 1,098,403</u>	<u>\$ 6,337,353</u>

The Notes to Financial Statements are an integral part of these statements.

The JED Foundation
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 3,361,795	\$ 136,631
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Amortization and depreciation	269,651	171,899
Bad debts	18,464	27,865
Realized loss on investments	4,090	5,555
Contribution of marketable equity securities	(100,000)	(550,887)
Proceeds from sale of contributed equity securities	95,910	545,332
Net present value adjustment on pledges receivable	128,965	11,364
(Increase) decrease in operating assets and liabilities		
Pledges receivable	(2,509,699)	419,184
Prepaid expenses	(56,910)	(10,471)
Fundraising materials	5,902	5,656
Other assets	24,785	(24,904)
Accounts payable and accrued expenses	(46,152)	134,262
Deferred revenue	223,340	--
Accrued rent	4,365	10,757
Security deposit payable	(3,027)	--
Net cash provided by operating activities	<u>1,421,479</u>	<u>882,243</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(61,000.00)</u>	<u>(275,136)</u>
Net cash used by investing activities	<u>(61,000)</u>	<u>(275,136)</u>
Net change in cash and cash equivalents	1,360,479	607,107
Cash and cash equivalents		
Beginning of year	<u>3,353,835</u>	<u>2,746,728</u>
End of year	<u>\$ 4,714,314</u>	<u>\$ 3,353,835</u>
Supplemental disclosure of cash flow information		
Non-cash transactions		
Contributed services and materials	<u>\$ 2,176,004</u>	<u>\$ 1,706,487</u>

The Notes to Financial Statements are an integral part of these statements.

1. ORGANIZATION PURPOSE

The JED Foundation (the "Foundation or JED") is a not-for-profit corporation incorporated in 2000. The Foundation's mission is to prevent suicide and protect the emotional health of teens and young adults. We're partnering with high schools and colleges to strengthen their mental health, substance abuse and suicide prevention programs and systems. We're equipping teens and young adults with the skills and knowledge to help themselves and each other. We're encouraging community awareness, understanding and action for young adult mental health. JED operates administrative offices in New York, NY, and is supported primarily through contributions, special event revenue and earned income. Key programmatic areas are:

Higher Education

JED supports and empowers campus communities to strengthen student mental health, substance misuse and suicide prevention efforts. This work with colleges and universities is grounded in the evidence-based practice of our Comprehensive Approach to Mental Health Promotion and Suicide Prevention. JED supports schools through advising support, communication and education programs as well as through our signature programs within higher education, JED Campus. JED Campus is designed to guide schools through a collaborative process of comprehensive systems, program and policy development with customized support to build upon existing student mental health, substance misuse and suicide prevention efforts. JED Campuses embark on a four-year strategic partnership with JED that not only assesses and enhance the work that is already being done, but helps to create positive, systemic change in the campus community.

High School

JED is continuing to grow its High School Programming with a focus on emotional preparation for the transition from high school to college. JED's key high school program is Set to Go (settogo.org), which launched in 2017. Set to Go guides students, families and high school educators through important social, emotional and mental health considerations related to the transition out of high school to college and adulthood. In 2019, Set to Go is reaching at least 500,000 teens and parents with essential information and resources about emotional health and well-being. A new Set to Go curriculum is being piloted in several high schools across the country and JED resources are reaching 1,700 schools (includes all grades K-12) in the New York City area through a partnership with the Department of Education's School Mental Health program, The Mayor's Fund to Advance New York City, and ThriveNYC. We also began work to develop our Comprehensive Approach to Mental Health and Suicide Prevention for High Schools. This framework will provide a series of recommendations for schools on how to approach mental health and suicide prevention and form the basis of the technical assistance we provide to them. In addition, in partnership with the Healthy Minds Network at the University of Michigan, we began work on a Healthy Minds for High School survey, the first national survey instrument to assess the prevalence of mental health issues among high school students and gain insight into their attitudes about mental health.

Youth and Community Campaigns and Education

JED develops public education campaigns, expert resources and creates powerful partnerships to ensure more teens and young adults get access to the resources and support they need to navigate life's challenges. We strive to educate and equip students, families and communities to know when and how to support themselves and others who are in distress or struggling with a mental health issue. In partnership with Ad Council and the American Foundation for Suicide Prevention (AFSP), JED operates a national campaign, Seize the Awkward (seizethawkward.org), that encourages teens and young adults to start a conversation with a friend who may be struggling with mental health issues. Other programs include:

- Love is Louder (loveislouder.com): An online community working together to build a world where we all feel connected and supported.
- Ulifeline (ulifeline.org): A mental health resource center for college students that provides information about emotional health issues and the resources available on their campus. It also offers a confidential mental health self-screening tool.
- Half of Us (halfofus.com): An award-winning program from JED and MTV featuring a library of free-for-use videos including PSAs, celebrities and students talking about their personal experiences with mental health and substance use.
- JED Storytellers (youtube.com/jedfoundation): Each year, JED trains individuals from all over the country who have been affected by mental health to share their authentic, inspiring personal stories to let others know they are not alone and help is available.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the Foundation's resources are classified and reported as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

- Without donor restrictions - include expendable resources that are used to carry out the Foundation's operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the Foundation or may be limited by contractual agreements with outside parties.
- With donor restrictions - Net assets subject to donor-imposed restrictions that will be met either by the actions of the Foundation or through the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Foundation, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income may be made available for distribution to the beneficiary agencies, subject to the Foundation's spending policies.

Revenue and Support Recognition

Revenues and gains and losses on investments and other assets are reported as changes in net assets without donor restrictions unless limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions and are allocated to functional categories depending upon the ultimate purpose of the expenditure. Releases of net assets with donor restrictions which include either the satisfaction of a donor requirement or the passage of time are reported as net assets released from restrictions in the statements of activities and changes in net assets.

Special event revenue includes contributions and ticket sales and is recorded net of the benefits received by the donors in the statements of activities and changes in net assets. These revenues are recorded in the year the event occurs.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash and cash equivalents, pledges receivable, accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these investments.

Receivables

The Foundation considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. Pledges receivable are funds pledged by donors to the Foundation in writing. They have been pledged at various times over no specific period of time. The purpose of these pledges is to finance the current programs offered as well as the operations of the Foundation.

Fundraising Materials

Fundraising materials consist of T-shirts, bracelets and various other small items used to raise funds to support the Love is Louder program.

Property and Equipment

Acquisitions of property and equipment with useful lives greater than one year are recorded at cost. Property and equipment acquisitions are depreciated using the straight-line method over the estimated useful lives of the assets. Under ASC 350-50 *Website Development Costs*, costs and expenses incurred during the planning and operating stages of the Foundation's website development are expensed as incurred. The Foundation accounts for the development of its website by expensing all costs associated with the planning of the website as incurred and capitalizing the costs to develop the website. Depreciation is calculated using the straight-line method over the estimated three year useful life of the assets.

Advertising

The Foundation follows a policy of charging the cost of advertising to expense as incurred. Total advertising expense for the years ended December 31, 2018 and 2017, was \$166,453 and \$144,378, respectively, excluding in-kind advertising found in Note 8, and can be found on the statements of functional expenses as advertising and public relations.

Contributed Services and Materials

The Foundation records various types of contributed support, including services and materials. The Foundation recognizes certain services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as contributed services are offset by like amounts included in expenses.

Functional Allocation of Expenses

Expenses are reported in the statements of activities and changes in net assets based on the nature and function of the expenses as a program service or supporting function. The Foundation incurs expenses that are attributable to both program and supporting functions. These expenses require allocation on a reasonable basis that is consistently applied. Salaries are allocated based on time spent in each of the functional categories for each employee. Fringe benefits and occupancy expenses are allocated using the weighted average of salaries in each category. Expenses that are attributable to a program or supporting service category are directly charged and those that benefit multiple cost centers are included in a cost pool, which is then allocated using direct salaries as a base.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncements Adopted in Current Year

During 2018, the Foundation adopted ASU 2016-14 – *Not-for-profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity and presentation of expenses by both their natural and functional classification. A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of December 31, 2016 is as follows:

<u>Net Assets Classifications</u>	<u>ASU 2016-14 Classifications</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
As previously presented			
Unrestricted	\$ 2,611,227	\$ --	\$ 2,611,227
Temporarily restricted	--	2,654,407	2,654,407
Net assets as previously presented	<u>\$ 2,611,227</u>	<u>\$ 2,654,407</u>	<u>\$ 5,265,634</u>

New Accounting Pronouncements Issued Not Yet Effective

In June 2018 the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The FASB is issuing this ASU to improve and clarify existing guidance on revenue recognition of grants and contracts by not-for-profit organizations ("NFPs") because there is diversity in practice among NFPs with characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. This ASU also provides guidance to help determine whether a contribution is conditional or unconditional, and better distinguish a donor-imposed condition from a donor-imposed restriction. The effective date would be for fiscal years ending in 2021.

The JED Foundation
Notes to Financial Statements
December 31, 2018 and 2017

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires the recognition of a “right to use” asset and a lease liability, initially measured at the present value of the lease payments, on the statement of financial position for all of the company’s lease obligations. This ASU is effective for fiscal years beginning after December 15, 2019.

In May 2014, the FASB issued accounting standards update ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which provides a comprehensive new revenue recognition model that requires a company to recognize revenue in an amount that reflects the consideration it expects to receive for the transfer of promised goods or services to its customers. The standard also requires additional disclosure regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This ASU, which was deferred by ASU 2015-14, is effective for annual periods and interim periods beginning after December 15, 2018. The ASU is to be applied retrospectively or using a cumulative effect transition method. Early adoption is permitted.

In June 2016, the FASB issued two standards that address the accounting for financial instruments. ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, which is effective for fiscal years beginning after December 2018 which includes guidance for equity investments held by a not-for-profit organization and adds guidance on the comprehensibility of investments in debt securities. It also requires the measurement of certain equity investments such as venture capital funds, partnership interests in accordance with ASC 958-321. ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, which is effective for fiscal years beginning after December 2020, requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions will now use forward-looking information to better inform their credit loss estimates. The Foundation is currently evaluating the effect that these pronouncements will have on its financial statements and related disclosures.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements. The reclassifications had no effect on the changes in net assets.

3. INCOME TAXES

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for Federal income taxes. There were no uncertain tax positions at December 31, 2018 and 2017. There are no tax related penalties and interest recorded for the years ended December 31, 2018 and 2017.

The JED Foundation
Notes to Financial Statements
December 31, 2018 and 2017

4. PLEDGES RECEIVABLE

Pledges are recognized when the donor's commitment is received. The pledges are recognized at the estimated present value of future cash flows. Pledges receivable at December 31, are as follows:

	2018	2017
Due in one year or less	\$ 2,570,208	\$ 1,119,619
Due between one year and five years	<u>1,640,646</u>	<u>600,000</u>
Pledges receivable, gross	4,210,854	1,719,619
Less: Unamortized discount	<u>(151,289)</u>	<u>(22,324)</u>
Pledges receivable, net	4,059,565	1,697,295
Less current promises to give	<u>2,570,208</u>	<u>1,119,619</u>
Long-term promises to give, net	<u>\$ 1,489,357</u>	<u>\$ 577,676</u>

The estimated value of the future cash flows was determined using a discount rate of 5 percent.

Maturities of contributions and pledges receivable are as follows: 2019 - \$2,570,208; 2020 - \$1,453,939; 2021 - \$18,141; and 2022 - \$17,277.

5. CONCENTRATION OF REVENUE AND CREDIT RISK

The Foundation has financial concentrations in the following areas:

Pledge receivable and contribution revenue:

During 2018 and 2017, the Foundation's pledge receivables of approximately 84 percent and 77 percent, respectively were from two donors. During 2018 and 2017, the Foundation received approximately 65 percent and 22 percent of its contribution revenue from one donor, respectively.

Financial instruments:

The Foundation places cash in institutions with high credit ratings, which helps to limit the Foundation's exposure to concentrations of credit risk. During the years ended December 31, 2018 and 2017, the Foundation had cash balances which may have exceeded the insured limit.

6. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2018, financial assets and liquidity resources available within one year for general operating expenses were as follows:

	2018	2017
Financial assets		
Cash and cash equivalents	\$ 4,714,314	\$ 3,353,835
Pledges receivable	<u>4,059,565</u>	<u>1,697,295</u>
	8,773,879	5,051,130
Less: Financial assets unavailable for general expenditure		
Net assets restricted for long-term purposes	<u>(5,937,615)</u>	<u>(2,133,659)</u>
Total financial assets and liquidity resources available within one year	<u>\$ 2,836,264</u>	<u>\$ 2,917,471</u>

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The Foundation has a goal to maintain financial assets on hand to meet a minimum of six months of fixed operating expenses, which are, on average, approximately \$3,000,000. The Foundation receives contributions annually from donors to fund program activities and other programmatic costs which indirectly impact fixed, operating expenses. The Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

7. IN-KIND CONTRIBUTIONS

The Foundation receives contributed services and materials in support of various aspects of its programs. The materials consist of program supplies. During the years ended December 31, 2018 and 2017, the Foundation received the following in-kind contributions of materials and services that have been reflected in the financial statements:

	2018	2017
Professional services	\$ 602,599	\$ 557,418
Advertising	1,561,505	1,149,069
Materials	11,900	--
	<u>\$ 2,176,004</u>	<u>\$ 1,706,487</u>

The Foundation also receives contributed services from volunteers in connection with its various programs which do not meet the criteria for recognition. Accordingly, the value of these contributed services has not been reflected in the accompanying financial statements.

8. PROPERTY AND EQUIPMENT

Property and equipment, at cost, consists of the following at December 31:

	2018	2017	Estimated Useful Lives (Years)
Computer equipment	\$ 66,339	\$ 64,341	3
Furniture and fixtures	66,290	66,290	5
Leasehold improvements	49,340	49,340	7
Website development	1,051,562	1,302,308	3
Software	191,094	154,119	3
	<u>1,424,625</u>	<u>1,636,398</u>	
Less Accumulated depreciation and amortization	<u>1,079,359</u>	<u>1,082,481</u>	
Property and equipment, net	<u>\$ 345,266</u>	<u>\$ 553,917</u>	

Amortization was \$248,931 and \$148,735 for the years ended December 31, 2018 and 2017, respectively. Depreciation was \$20,720 and \$23,164 for the years ended December 31, 2018 and 2017, respectively.

During 2018, the Foundation wrote off obsolete website and software, which had remaining value of \$272,773. Future amortization expense is expected to be the following:

Amortization	2019	\$ 223,401
	2020	83,087
		<u>\$ 306,488</u>

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9. NET ASSETS

Components of net assets with donor restrictions at December 31, were as follows:

	2018	2017
Net assets with donor restrictions		
Higher education	\$ 349,733	\$ 304,603
High school	1,427,644	264,278
Youth and community campaigns and education	396,925	112,102
Future periods	<u>3,763,313</u>	<u>1,452,676</u>
	<u>\$ 5,937,615</u>	<u>\$ 2,133,659</u>

Net assets were released from donor restrictions by incurring expenses satisfying the time or purpose restrictions specified by the donor as follows:

	2018	2017
Higher education	\$ 1,405,471	\$ 953,023
High school	549,443	537,170
Youth and community campaigns and education	634,470	346,061
Future periods	<u>250,000</u>	<u>1,176,000</u>
	<u>\$ 2,839,384</u>	<u>\$ 3,012,254</u>

10. RELATED PARTY TRANSACTIONS

In August 2015, the Foundation entered into a sublease agreement with the Founder and Board Chair of the Foundation for a portion of the Foundation's administrative office space as described in Note 11. Rental income was \$32,788 and \$41,385 for the years ended December 31, 2018 and 2017, respectively, under the agreement. The lease terminated in September 2018.

11. LEASING ARRANGEMENTS

The Foundation has a lease agreement for administrative office space in New York, NY, which will expire in July 2022. Rent expense was \$247,128 and \$244,942 for the years ended December 31, 2018 and 2017, respectively, under the agreement and is recorded in occupancy in the statements of functional expenses. Future lease payments are:

2019	\$ 226,084
2020	232,867
2021	239,853
2022	<u>142,333</u>
	<u>\$ 841,137</u>

Rent is recorded as expense using the straight-line method over the life of the lease. Rent expense recorded that exceeds amounts paid is recorded as accrued rent on the statements of financial position. accrued rent was \$38,957 and \$34,592 at December 31, 2018 and 2017, respectively, in relation to the agreement.

12. RETIREMENT PLAN

The Foundation maintains a 403(b) retirement plan for all eligible employees. Participating employees may elect to defer a portion of their salary to the plan, subject to the limits established by the Internal Revenue Service. There was no employer match to the plan for the years ended December 31, 2018 and 2017.

13. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring after the statement of financial position date through the date of July 23, 2019, which is the date the financial statements were available to be issued. Based on this evaluation, the Foundation has determined that no subsequent events have occurred, which require disclosure in the financial statements.