



The Jed Foundation

**Financial Statements
(Together with Independent Auditors' Report)**

Years Ended December 31, 2022 and 2021

THE JED FOUNDATION
FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)
YEARS ENDED DECEMBER 31, 2022 AND 2021

CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities.....	4-5
Statements of Functional Expenses.....	6-7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9-16



INDEPENDENT AUDITORS' REPORT

The Board of Trustees
The Jed Foundation

Opinion

We have audited the financial statements of The Jed Foundation ("JED"), which comprise the statement of financial position as of December 31, 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of JED as of December 31, 2022, 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 ("GAAS"). 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 JED 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.

Report on 2021 Financial Statements

The financial statements of JED as of and for the year ended December 31, 2021 were audited by another auditor, whose report dated October 3, 2022 expressed an unmodified opinion on those statements.

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 JED's ability to continue as a going concern for 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 GAAS 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 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.



In performing an audit in accordance with GAAS, 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 JED'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 JED'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.

Mayer Hoffman McCann CPAs

New York, NY
November 14, 2023

THE JED FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents (Notes 2C and 10B)	\$ 32,825,719	\$ 18,970,312
Pledges and grants receivable, net (Notes 2D, 4 and 10A)	6,299,662	7,809,803
Contracts receivable, net (Notes 2E, 2G and 10A)	363,373	301,467
Prepaid expenses and other assets	254,353	367,319
Intangible assets, net (Notes 2J and 6)	246,401	610,953
Security deposits	140,000	140,000
Right-of-use asset (Notes 2K and 7)	1,299,709	1,584,951
Property and equipment, net (Notes 2I and 5)	<u>308,662</u>	<u>172,185</u>
TOTAL ASSETS	<u>\$ 41,737,879</u>	<u>\$ 29,956,990</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,013,988	\$ 445,074
Deferred revenue (Note 2G)	964,786	598,300
Lease payable (Notes 2K and 7)	<u>1,425,255</u>	<u>1,705,584</u>
TOTAL LIABILITIES	<u>3,404,029</u>	<u>2,748,958</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS (Note 2B)		
Without donor restrictions	26,668,099	10,933,824
With donor restrictions (Note 9)	<u>11,665,751</u>	<u>16,274,208</u>
TOTAL NET ASSETS	<u>38,333,850</u>	<u>27,208,032</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 41,737,879</u>	<u>\$ 29,956,990</u>

THE JED FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Totals for December 31, 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>	<u>Total 2021</u>
OPERATING REVENUE AND SUPPORT:				
Contributions (Notes 2D and 10A)	\$ 21,257,934	\$ 5,322,935	\$ 26,580,869	\$ 15,276,325
Special events (net of direct benefit to donor of \$265,249 and \$23,263) (Note 2F)	1,371,416	-	1,371,416	299,287
Program service revenue (Note 2G)	1,780,415	-	1,780,415	1,329,245
Paycheck Protection Program grant income (Note 12)	-	-	-	698,270
Contributed services and materials (Notes 2H and 8)	555,637	-	555,637	285,304
Interest income	56,304	-	56,304	4,411
Net assets released from restrictions (Note 9)	9,931,392	(9,931,392)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	<u>34,953,098</u>	<u>(4,608,457)</u>	<u>30,344,641</u>	<u>17,892,842</u>
OPERATING EXPENSES:				
Program services				
Higher education	4,630,504	-	4,630,504	3,029,823
High school	4,069,899	-	4,069,899	1,923,194
Youth and community campaigns and education	5,567,828	-	5,567,828	3,630,204
Total program services	<u>14,268,231</u>	<u>-</u>	<u>14,268,231</u>	<u>8,583,221</u>
Supporting services				
Management and general	2,788,926	-	2,788,926	1,246,818
Fundraising	1,986,419	-	1,986,419	583,843
Total supporting services	<u>4,775,345</u>	<u>-</u>	<u>4,775,345</u>	<u>1,830,661</u>
Total expense	<u>19,043,576</u>	<u>-</u>	<u>19,043,576</u>	<u>10,413,882</u>
NONOPERATING ACTIVITIES:				
Loss on intangible assets (Note 6)	<u>(175,247)</u>	<u>-</u>	<u>(175,247)</u>	<u>-</u>
TOTAL NONOPERATING LOSS	<u>(175,247)</u>	<u>-</u>	<u>(175,247)</u>	<u>-</u>
CHANGE IN NET ASSETS	15,734,275	(4,608,457)	11,125,818	7,478,960
Net Assets - Beginning of Year	<u>10,933,824</u>	<u>16,274,208</u>	<u>27,208,032</u>	<u>19,729,072</u>
NET ASSETS - END OF YEAR	<u>\$ 26,668,099</u>	<u>\$ 11,665,751</u>	<u>\$ 38,333,850</u>	<u>\$ 27,208,032</u>

THE JED FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING REVENUE AND SUPPORT:			
Contributions (Notes 2D and 10A)	\$ 5,219,043	\$ 10,057,282	\$ 15,276,325
Special events (net of direct benefit to donor of \$23,263) (Note 2F)	299,287	-	299,287
Program service revenue (Note 2G)	1,329,245	-	1,329,245
Paycheck Protection Program grant income (Note 12)	698,270	-	698,270
Contributed services and materials (Notes 2H and 8)	285,304	-	285,304
Interest income	4,411	-	4,411
Net assets released from restrictions (Note 9)	<u>6,507,538</u>	<u>(6,507,538)</u>	<u>-</u>
TOTAL OPERATING REVENUE AND SUPPORT	<u>14,343,098</u>	<u>3,549,744</u>	<u>17,892,842</u>
OPERATING EXPENSES:			
Program services			
Higher education	3,029,823	-	3,029,823
High school	1,923,194	-	1,923,194
Youth and community campaigns and education	<u>3,630,204</u>	<u>-</u>	<u>3,630,204</u>
Total program services	<u>8,583,221</u>	<u>-</u>	<u>8,583,221</u>
Supporting services			
Management and general	1,246,818	-	1,246,818
Fundraising	<u>583,843</u>	<u>-</u>	<u>583,843</u>
Total supporting services	<u>1,830,661</u>	<u>-</u>	<u>1,830,661</u>
Total expense	<u>10,413,882</u>	<u>-</u>	<u>10,413,882</u>
CHANGE IN NET ASSETS	3,929,216	3,549,744	7,478,960
Net Assets - Beginning of Year	<u>7,004,608</u>	<u>12,724,464</u>	<u>19,729,072</u>
NET ASSETS - END OF YEAR	<u>\$ 10,933,824</u>	<u>\$ 16,274,208</u>	<u>\$ 27,208,032</u>

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

THE JED FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Totals for December 31, 2021)

For the Year Ended December 31, 2022									
	Higher Education	High School	Youth and Community Campaigns and Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2022	Total 2021
Salaries	\$ 2,691,121	\$ 2,236,228	\$ 1,885,825	\$ 6,813,174	\$ 789,252	\$ 837,544	\$ 1,626,796	\$ 8,439,970	\$ 5,267,261
Employee benefits (Note 11)	287,122	260,630	156,983	704,735	116,848	77,254	194,102	898,837	431,416
Payroll taxes	243,285	203,604	165,453	612,342	67,316	67,660	134,976	747,318	427,098
	<u>3,221,528</u>	<u>2,700,462</u>	<u>2,208,261</u>	<u>8,130,251</u>	<u>973,416</u>	<u>982,458</u>	<u>1,955,874</u>	<u>10,086,125</u>	<u>6,125,775</u>
Professional services	802,702	821,972	1,464,605	3,089,279	757,355	211,695	969,050	4,058,329	2,498,580
In-kind professional services (Note 8)	64,793	64,793	280,593	410,179	145,457	-	145,457	555,636	285,304
Occupancy (Notes 2K and 7)	147,129	84,074	121,906	353,109	30,479	21,018	51,497	404,606	138,562
Office expense and fees	7,430	3,757	32,549	43,736	154,338	25,782	180,120	223,856	123,397
Amortization and depreciation (Notes 5 and 6)	77,559	62,729	92,695	232,983	26,531	22,148	48,679	281,662	169,426
Travel	225,752	82,424	197,939	506,115	20,497	34,279	54,776	560,891	51,598
Advertising and public relations (Note 2L)	18,004	141,899	711,820	871,723	5,417	41,892	47,309	919,032	188,858
Information technology	20,507	83,054	118,117	221,678	340,261	50,859	391,120	612,798	364,575
Conferences and training	42,961	23,398	10,282	76,641	1,095	244,286	245,381	322,022	178,313
Event expenses	-	-	9,552	9,552	6,084	617,251	623,335	632,887	44,985
Bad debts	-	-	-	-	163,171	-	163,171	163,171	150,500
Professional development	2,139	1,337	319,509	322,985	85,583	-	85,583	408,568	67,544
Insurance	-	-	-	-	79,242	-	79,242	79,242	26,465
	<u>4,630,504</u>	<u>4,069,899</u>	<u>5,567,828</u>	<u>14,268,231</u>	<u>2,788,926</u>	<u>2,251,668</u>	<u>5,040,594</u>	<u>19,308,825</u>	<u>10,437,145</u>
Less: Direct costs of special events netted with revenue (Note 2F)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(265,249)</u>	<u>(265,249)</u>	<u>(265,249)</u>	<u>(23,263)</u>
	<u>\$ 4,630,504</u>	<u>\$ 4,069,899</u>	<u>\$ 5,567,828</u>	<u>\$ 14,268,231</u>	<u>\$ 2,788,926</u>	<u>\$ 1,986,419</u>	<u>\$ 4,775,345</u>	<u>\$ 19,043,576</u>	<u>\$ 10,413,882</u>

THE JED FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	For the Year Ended December 31, 2021							
	Higher Education	High School	Youth and Community Campaigns and Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2021
Salaries	\$ 1,834,515	\$ 1,164,191	\$ 1,411,366	\$ 4,410,072	\$ 510,106	\$ 347,083	\$ 857,189	\$ 5,267,261
Employee benefits (Note 11)	147,227	103,038	109,759	360,024	40,818	30,574	71,392	431,416
Payroll taxes	150,766	96,458	116,169	363,393	38,632	25,073	63,705	427,098
	<u>2,132,508</u>	<u>1,363,687</u>	<u>1,637,294</u>	<u>5,133,489</u>	<u>589,556</u>	<u>402,730</u>	<u>992,286</u>	<u>6,125,775</u>
Professional services	620,888	318,990	1,286,635	2,226,513	267,996	4,071	272,067	2,498,580
In-kind professional services (Note 8)	38,608	51,353	81,643	171,604	105,050	8,650	113,700	285,304
Occupancy (Notes 2K and 7)	50,386	28,792	41,748	120,926	10,438	7,198	17,636	138,562
Office expense and fees	16,695	9,702	15,675	42,072	77,461	3,864	81,325	123,397
Amortization and depreciation (Notes 5 and 6)	31,502	20,761	100,397	152,660	11,602	5,164	16,766	169,426
Travel	7,243	10,401	11,747	29,391	10,201	12,006	22,207	51,598
Advertising and public relations (Note 2L)	29,651	32,105	125,013	186,769	-	2,089	2,089	188,858
Information technology	93,038	72,529	165,152	330,719	18,515	15,341	33,856	364,575
Conferences and training	8,408	4,413	144,058	156,879	-	21,434	21,434	178,313
Event expenses	-	-	19,023	19,023	-	25,962	25,962	44,985
Direct costs of special events	-	-	-	-	-	23,263	23,263	23,263
Bad debts	-	-	-	-	75,500	75,000	150,500	150,500
Professional development	421	10,163	1,421	12,005	55,470	69	55,539	67,544
Insurance	475	298	398	1,171	25,029	265	25,294	26,465
	<u>3,029,823</u>	<u>1,923,194</u>	<u>3,630,204</u>	<u>8,583,221</u>	<u>1,246,818</u>	<u>607,106</u>	<u>1,853,924</u>	<u>10,437,145</u>
Less: Direct costs of special events netted with revenue (Note 2F)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,263)</u>	<u>(23,263)</u>	<u>(23,263)</u>
	<u>\$ 3,029,823</u>	<u>\$ 1,923,194</u>	<u>\$ 3,630,204</u>	<u>\$ 8,583,221</u>	<u>\$ 1,246,818</u>	<u>\$ 583,843</u>	<u>\$ 1,830,661</u>	<u>\$ 10,413,882</u>

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

THE JED FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 11,125,818	\$ 7,478,960
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	92,357	19,958
Amortization of intangible assets	189,305	149,468
Bad debt expense	163,171	150,500
Amortization of right to use asset	285,242	99,884
Intangible assets written off	175,247	-
Net present value adjustment for pledges receivable	(330,984)	(31,237)
Change in operating assets and liabilities		
Pledges receivable	1,677,954	(838,436)
Grants and contracts receivable	(61,906)	(317,754)
Prepaid expenses and other assets	112,966	52,715
Security deposits	-	(140,000)
Accounts payable and accrued expenses	568,914	(153,288)
Deterred revenue	366,486	145,759
Lease payable	(280,329)	20,749
Net Cash Provided by Operating Activities	<u>14,084,241</u>	<u>6,751,727</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(228,834)	(161,519)
Purchase of intangible assets	-	(302,752)
Net Cash Used in Investing Activities	<u>(228,834)</u>	<u>(578,720)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,855,407	6,173,007
Cash and cash equivalents - beginning of year	<u>18,970,312</u>	<u>12,797,305</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 32,825,719</u>	<u>\$ 18,970,312</u>

**THE JED FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 - ORGANIZATION PURPOSE

The Jed Foundation ("JED") is a not-for-profit corporation incorporated in 2000. JED's mission is to protect emotional health and prevent suicide for our nation's teens and young adults.

JED partners with high schools and colleges to strengthen student mental health, suicide prevention programs and systems. This is accomplished by 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 youth mental health. JED operates from administrative offices in New York, NY and is supported primarily through contributions, special event revenue, and earned income. Key programmatic areas are:

Academic Programs

Schools, colleges, and universities are the hearts of their communities, and they play a critical role in students' lives, often serving as the focal point for developing life skills, social connections and receiving health screenings and services. Through structured technical assistance, expert consulting, and evidence-based trainings and resources, JED equips schools, districts, and campus communities across the country to create a holistic safety net for students to reduce risks for suicide and help them thrive.

Higher Education

JED supports and empowers campus communities to strengthen student mental health, substance misuse prevention, and suicide prevention efforts. This work is grounded in the evidence-based practice of our Comprehensive Approach to Mental Health Promotion and Suicide Prevention for Colleges and Universities and takes four main forms. JED's website offers a curated list of free evidence-based resources that any school in the US (or the world) can use to create effective mental health support for their students. JED also offers evidence-based advising, consulting, and trainings to help colleges and universities increase their support for students and create effective approaches to improving student mental health. We also offer two signature programs within higher education—JED Campus and JED Campus Fundamentals. JED Campus guides schools through a collaborative process of comprehensive systems, program and policy development with customized support to build upon existing student mental health, substance misuse prevention, and suicide prevention efforts. JED Campuses embark on a four-year strategic partnership with JED that not only assesses and enhances the work that is already being done, but is targeted to the specific needs of each school community and helps to create positive, systemic change on—and beyond—the campus. JED Campus Fundamentals is a shorter, 18-month alternative to the full JED Campus four-year program.

At the end of 2022, 391 schools had participated or were currently participating in our JED Campus programs.

High School

JED programming supports our nation's teens in several key ways. JED's website offers a curated list of free evidence-based resources that any school in the US (or the world) can use to create effective mental health support for their students. JED also offers evidence-based advising, consulting, and trainings to help schools increase their support for students and create effective approaches to improving student mental health. JED High School, based on JED's Comprehensive Approach to Mental Health Promotion and Suicide Prevention for High Schools, is dedicated to helping school districts and high schools evaluate and strengthen their programming and systems related to mental health promotion, and the prevention of substance misuse and suicide.

THE JED FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 - ORGANIZATION PURPOSE (Continued)

Participating high schools and school districts receive strategic planning, program evaluation, and resource development support over a 36-month period. Additional High School program initiatives include the following:

- **Set to Go** (jedfoundation.org/set2go), JED provides students, families, and high school educators with free resources and tools to navigate the transition from high school to college and adulthood— from social and emotional preparation to managing everyday life, mental health and learning to live on their own.
- **Let's Talk NYC**, a campaign created in collaboration with the NYC Department of Education and the NYC Mayor's Office of Community Mental Health helps teachers and school staff become mental health allies for students. It includes teacher training, a downloadable guide, and marketing materials so teachers can be a resource to their students and help them get the support they need.

Training and Guidance

JED provides expert-informed resources and customized learning opportunities for caregivers, educators, coaches, and other caring adults to establish student mental health as a school-wide priority and equip these key stakeholders in creating communities of caring.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. ***Basis of Accounting*** – JED prepares its financial statements using the accrual basis of accounting. JED adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").
- B. ***Basis of Presentation*** – JED reports information regarding its financial position and activities in two classes of net assets:
- Without donor restrictions – Net assets that can be spent at the discretion of JED and have no associated donor-imposed stipulations.
- With donor restrictions – Net assets that are restricted by the donor for a specific time period or purpose. JED did not have any net assets with donor restrictions to be held in perpetuity as of December 31, 2022 and 2021.
- C. ***Cash and Cash Equivalents*** – Cash equivalents include all highly liquid instruments purchased with maturities of 90 days or less.
- D. ***Pledges and Grants Receivable*** – Pledges and grants receivable that are expected to be collected within one year are recorded at net realizable value. Pledges and grants receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. If material to the financial statements, the discounts on those amounts are computed using risk-based interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Pledges and grants receivables are stated at the amount management expects to collect from outstanding balances. JED may provide an allowance for doubtful accounts for pledges and grants receivable. This estimate is based on management's assessment of the aged basis of its funding sources, current economic conditions and creditworthiness of its donors and grantors.
- E. ***Contracts Receivable*** – Contracts are exchange transactions and accounted for under Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. JED determined that an allowance for doubtful accounts of \$22,500 and \$0 was necessary as of December 31, 2022 and 2021, respectively.

THE JED FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- F. **Special Event Revenue** – Special event revenue is comprised of an exchange element based on the value of benefits provided to the donor, and a contribution element for the difference between the total ticket price or sponsorship support and the exchange element. Special event revenue is recorded net of the benefits received by the donors in the statements of activities.
- G. **Program Service Revenue** – Program service revenue is earned from services provided through the JED Campus Program or for other consulting, which are considered as revenue from contracts with customers. JED Campus schools receive ongoing support and technical assistance from a dedicated JED Campus Advisor to guide them through a four-year process of assessment, strategic planning, implementation, and sustainability. Revenues are earned over the four-year cycle based on specific services provided as benchmarks are met. Consulting revenue is charged on a program basis, or an hourly basis, and is recorded at the point in time the service is provided.

The beginning and ending contracts balances were as follows as of December 31:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contracts receivable, net	\$ 363,373	\$ 301,467	\$ 134,213
Deferred revenue	<u>\$ 964,786</u>	<u>\$ 598,300</u>	<u>\$ 452,541</u>

JED expects revenue to continue to be earned and recognized as in previous years. Revenue is earned from a diverse customer base of colleges and universities around the country.

JED High School is a three-year technical assistance program in which we partner with schools to assess their community's mental health needs, develop a customized strategic plan, and support the implementation of tools, strategies, and techniques that lead to measurable improvements in student mental health. Revenues are earned over a three-year cycle based on specific services provided as benchmarks are met.

- H. **Donated Services** – Donated services are recognized at fair value if they create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind (See Note 8).
- I. **Property and Equipment** – JED capitalizes property and equipment having a cost of \$1,000 or more and a useful life of at least one year. Depreciation is recognized using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized on a straight-line basis over the lesser of their useful life or the term of the lease. See Note 5.
- J. **Intangible Assets** – JED 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. Amortization of development costs are over the estimated useful life of the website of three years. See Note 6.
- K. **Leases** – JED categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow JED to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the statements of financial position. JED had no finance leases during 2022 and 2021. See Note 7.

Certain lease contracts include obligations to pay for other services, such as operations, property taxes, and maintenance. For leases of property, JED accounts for these other services as a component of the lease.

Lease liabilities are recognized at the present value of the fixed lease payments, reduced by landlord incentives, using a risk-free discount rate. Right-of-use assets are recognized based on the initial present value of the fixed lease payments, reduced by landlord incentives, plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

THE JED FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

- L. **Advertising** – JED follows a policy of charging the cost of advertising to expense as incurred. Total advertising expense for the years ended December 31, 2022 and 2021 was \$919,032 and \$188,858, respectively, excluding in-kind advertising (Note 8), and is included in the statements of activities and the statements of functional expenses as advertising and public relations.
- M. **Functional Allocation of Expenses** – Expenses are reported in the statements of activities based on the nature and function of the expenses as a program service or supporting function. JED incurs expenses that are attributable to both program and supporting functions and are allocated 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 expenses such as office expense, occupancy, and IT support, which benefit multiple cost centers, are included in a cost pool, which is then allocated using direct salaries as a base.
- N. **Use of Estimates** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements, and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.
- O. **Income Taxes** – JED 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 or tax related penalties and interest recorded for the years ended December 31, 2022 and 2021.
- P. **Reclassifications** – Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These changes have had no effect on the net assets of JED.

NOTE 3 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2022 and 2021, financial assets and liquidity resources available within one year for general operating expenses were as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 32,825,719	\$ 18,970,312
Pledges and grants receivable, net	6,299,662	7,809,803
Contracts receivable, net	<u>363,373</u>	<u>301,467</u>
Total financial assets	39,488,754	27,081,582
Less: donor restricted net assets	<u>(11,665,751)</u>	<u>(16,274,208)</u>
	<u>\$ 27,823,003</u>	<u>\$ 10,807,374</u>

JED structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

THE JED FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 - PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable are recognized when the donor's commitment is received. The receivables are recognized at the estimated present value of future cash flows. The estimated value of the future cash flows was determined using the average discount rate of 1.44% to 2.04%. Pledges and grants receivable at December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Amounts due in less than one year	\$ 2,766,439	\$ 4,337,859
Amounts due in one to five years	<u>3,606,180</u>	<u>3,875,885</u>
	6,372,619	8,213,744
Less: present value discount ranging from 1.44 to 2.04%	<u>(72,957)</u>	<u>(403,941)</u>
	<u><u>\$ 6,299,662</u></u>	<u><u>\$ 7,809,803</u></u>

NOTE 5 - PROPERTY AND EQUIPMENT

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

	<u>2022</u>	<u>2021</u>	<u>Estimated Useful Lives</u>
Computer equipment	\$ 300,196	\$ 95,113	3 years
Furniture and fixtures	126,483	113,833	5 years
Leasehold improvements	<u>46,395</u>	<u>35,294</u>	5 years
Total cost	473,074	244,240	
Less: accumulated depreciation and amortization	<u>(164,412)</u>	<u>(72,055)</u>	
Net book value	<u><u>\$ 308,662</u></u>	<u><u>\$ 172,185</u></u>	

Depreciation and amortization was \$92,357 and \$19,958 for the years ended December 31, 2022 and 2021, respectively.

NOTE 6 - INTANGIBLE ASSETS

Intangible assets consist of the following at December 31:

	<u>2022</u>	<u>2021</u>	<u>Estimated Useful Lives</u>
Website development	\$ 1,497,323	\$ 1,672,570	3 years
Software	<u>481,960</u>	<u>481,960</u>	3 years
Total cost	1,979,283	2,154,530	
Less: accumulated amortization	<u>(1,732,882)</u>	<u>(1,543,577)</u>	
Intangible assets, net	<u><u>\$ 246,401</u></u>	<u><u>\$ 610,953</u></u>	

Amortization was \$189,305 and \$149,468 for the years ended December 31, 2022 and 2021, respectively. During the year ended December 31, 2022, JED wrote off website development costs of \$175,247 for a project no longer to be used.

NOTE 7 - LEASE COMMITMENT

JED leases its space under an operating lease expiring on December 31, 2026. The lease provides for fixed rental payments with stated increases in future minimum annual rental payments. Because the rates implicit in the leases are generally not available, JED utilizes the risk-free rate of 5% as the discount rate. The lease requires JED to pay for a pro-rata share of increases in real estate taxes over a set floor annually as well as insurance, maintenance, and repairs. The pro rata share of increases are expensed annually by JED.

As of December 31, 2022 and 2021, the right-of-use ("ROU") asset had a balance of \$1,299,709 and \$1,584,951, respectively. The lease liability as of December 31, 2022 and 2021, totaled \$1,425,255 and \$1,705,584, respectively, as shown in the statements of financial position. For the years ended December 31, 2022 and 2021, the lease liability was calculated utilizing the risk-free rate.

THE JED FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 7 - LEASE COMMITMENT (Continued)

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liability as of December 31, 2022:

2023	\$ 366,680
2024	377,680
2025	406,811
2026	419,015
	<u>1,570,186</u>
Less: Imputed interest	<u>(144,931)</u>
	<u><u>\$ 1,425,255</u></u>

Other information:

Weighted average remaining lease term	
Operating lease	5 years
Weighted average discount rate	
Operating lease	5%

Lease expense for the years ended December 31, 2022 and 2021 includes operating lease expense of \$404,606 and \$120,634, respectively and is included in occupancy expense in the statements of functional expenses.

NOTE 8 - IN-KIND CONTRIBUTIONS

JED receives contributed services in support of various aspects of its programs. During the years ended December 31, 2022 and 2021, JED received the following in-kind contributions that have been reflected in the financial statements.

Donated services for the year ended December 31, 2022 consisted of the following:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs/Activities</u>	<u>Donor-imposed Restrictions</u>	<u>Fair Value Techniques</u>
Legal fees	\$ 248,137	Program	No associated donor restriction	Based on market price
Advertising and marketing	\$ 301,000	Program	No associated donor restriction	Based on market price
Other	\$ 6,500	Program	No associated donor restriction	Based on market price

Donated services for the year ended December 31, 2021 consisted of the following:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs/Activities</u>	<u>Donor-imposed Restrictions</u>	<u>Fair Value Techniques</u>
Legal fees	\$ 241,914	Program	No associated donor restriction	Based on market price
Advertising and marketing	\$ 43,390	Program	No associated donor restriction	Based on market price

JED 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.

THE JED FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 9 - NET ASSETS

Net assets with donor restrictions are restricted for the following purposes at December 31:

	<u>2022</u>	<u>2021</u>
Higher education	\$ 107,643	\$ 3,316,890
High school	5,246,235	5,033,858
Youth and community campaigns and education	906,663	735,454
Time restricted	<u>5,405,210</u>	<u>7,188,006</u>
	<u>\$ 11,665,751</u>	<u>\$ 16,274,208</u>

Net assets released from restrictions amounted to \$9,931,392 and \$6,507,538 for the years ended December 31, 2022 and 2021, respectively.

NOTE 10 - CONCENTRATION OF REVENUE AND CREDIT RISK

- A. During 2022 and 2021, JED's pledges and grants receivable of approximately 67% and 71%, respectively, were from three donors and two donors, respectively. During 2022 and 2021, JED received approximately 54% and 21% of its contribution revenue from one donor, respectively.
- B. JED places cash in institutions with high credit ratings, which helps to limit JED's exposure to concentrations of credit risk. During the years ended December 31, 2022, and 2021, JED had cash balances that may have exceeded the insured limit. JED has not experienced, and does not expect to experience, any losses in these accounts and does not believe it is exposed to any significant credit risk on cash equivalents.

NOTE 11 - RETIREMENT PLAN

JED 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. For the year ended December 31, 2022, JED contributed \$171,287. There was no employer match to the plan for the year ended December 31, 2021.

NOTE 12 - PAYCHECK PROTECTION PROGRAM ("PPP") GRANT INCOME

On April 30, 2020, JED obtained an unsecured promissory note (the "PPP1") for \$346,253 through the Paycheck Protection Program established under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, and administered by the U.S. Small Business Administration ("SBA"). On April 23, 2021, JED obtained an unsecured promissory note (the "PPP2") for \$698,270 through the PPP. The PPP1 and PPP2 loans are guaranteed by the SBA. The PPP1 and PPP2 loans may be forgiven, in whole or in part, if JED was eligible for the PPP1 and PPP2 loan at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP1 and PPP2 loans were disbursed, and otherwise satisfied PPP requirements.

When it applied for the loans, JED believed it would qualify to have the loans forgiven under the terms of PPP, and therefore considered the loans to be conditional government grants. JED has performed initial calculations for PPP1 and PPP2 loan forgiveness and expects that both loans will be forgiven in full because 1) JED has, prior to December 31, 2021, utilized all the proceeds for payroll and other qualified expenses and 2) JED believes it will continue to comply with other terms and conditions necessary for forgiveness.

On April 11, 2022, JED was informed that its application for forgiveness of \$346,253 of the PPP1 loan was approved and recognized the revenue for the year ended December 31, 2020. On May 6, 2022, JED was informed that its application for forgiveness of \$698,270 of the PPP2 loan was approved and recognized the revenue for the year ended December 31, 2021.

**THE JED FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 13 - SUBSEQUENT EVENTS

JED has evaluated subsequent events occurring after the statement of financial position date through the date of November 14, 2023, which is the date the financial statements were available to be issued. Based upon this evaluation, JED has determined that there were no subsequent events that have occurred that require recognition or disclosure in the financial statements other than as noted below.