



The Jed Foundation

THE JED FOUNDATION
Financial Statements
December 31, 2019 and 2018
With Independent Auditor's Report

The Jed Foundation
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December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S 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, 2019 and 2018, 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.

Auditor's 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 auditor's 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.

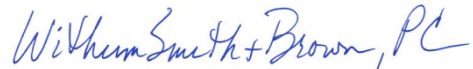
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2019 and 2018, 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 in the notes to financial statements, during the year ended December 31, 2019, The JED Foundation adopted the new accounting guidance in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Clairifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) and FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). Our opinion is not modified with respect to this matter.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC".

August 12, 2020

The Jed Foundation
Statements of Financial Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 5,964,064	\$ 4,714,314
Contributions and grants receivable	7,058,497	2,570,208
Prepaid expenses	183,950	124,745
Fundraising materials	5,981	5,981
Total current assets	<u>13,212,492</u>	<u>7,415,248</u>
Property and equipment, net	<u>347,489</u>	<u>345,266</u>
Other assets		
Pledges receivable, long-term, net	5,335,742	1,489,357
Security deposits	125,187	51,287
Total other assets	<u>5,460,929</u>	<u>1,540,644</u>
Total assets	<u>\$ 19,020,910</u>	<u>\$ 9,301,158</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 582,321	\$ 274,801
Deferred revenue	579,603	223,340
Deferred rent payable	38,957	38,957
Total liabilities	<u>1,200,881</u>	<u>537,098</u>
Net assets		
Without donor restrictions	4,009,086	2,826,445
With donor restrictions	13,810,943	5,937,615
Total net assets	<u>17,820,029</u>	<u>8,764,060</u>
Total liabilities and net assets	<u>\$ 19,020,910</u>	<u>\$ 9,301,158</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, 2019 and 2018

	2019			2018		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and revenues						
Special events, gross proceeds						
Contributions	\$ 1,932,664	\$ -	\$ 1,932,664	\$ 1,791,776	\$ -	\$ 1,791,776
Ticket sales	133,000	-	133,000	97,365	-	97,365
Less: Direct benefits to donors	<u>(385,266)</u>	<u>-</u>	<u>(385,266)</u>	<u>(299,254)</u>	<u>-</u>	<u>(299,254)</u>
Net proceeds from special events	1,680,398	-	1,680,398	1,589,887	-	1,589,887
Contributions	1,815,754	11,886,529	13,702,283	277,394	6,643,340	6,920,734
Program service revenue	572,115	-	572,115	368,331	-	368,331
Contributed services and materials	196,815	-	196,815	2,176,004	-	2,176,004
Investment return, net	27,924	-	27,924	20,694	-	20,694
Rental income	-	-	-	32,788	-	32,788
Net assets released from restrictions	<u>4,013,201</u>	<u>(4,013,201)</u>	<u>-</u>	<u>2,839,384</u>	<u>(2,839,384)</u>	<u>-</u>
Total support and revenues	<u>8,306,207</u>	<u>7,873,328</u>	<u>16,179,535</u>	<u>7,304,482</u>	<u>3,803,956</u>	<u>11,108,438</u>
Expenses						
Program services						
Higher education	2,857,351	-	2,857,351	2,255,118	-	2,255,118
High school	925,776	-	925,776	839,103	-	839,103
Youth and community campaigns and education	<u>1,917,568</u>	<u>-</u>	<u>1,917,568</u>	<u>3,478,257</u>	<u>-</u>	<u>3,478,257</u>
Total program services	<u>5,700,695</u>	<u>-</u>	<u>5,700,695</u>	<u>6,572,478</u>	<u>-</u>	<u>6,572,478</u>
Supporting services						
Management and general	863,391	-	863,391	598,472	-	598,472
Fundraising	<u>559,480</u>	<u>-</u>	<u>559,480</u>	<u>575,693</u>	<u>-</u>	<u>575,693</u>
Total supporting services	<u>1,422,871</u>	<u>-</u>	<u>1,422,871</u>	<u>1,174,165</u>	<u>-</u>	<u>1,174,165</u>
Total expenses	<u>7,123,566</u>	<u>-</u>	<u>7,123,566</u>	<u>7,746,643</u>	<u>-</u>	<u>7,746,643</u>
Changes in net assets	1,182,641	7,873,328	9,055,969	(442,161)	3,803,956	3,361,795
Net assets						
Beginning 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>
End of year	<u>\$ 4,009,086</u>	<u>\$ 13,810,943</u>	<u>\$ 17,820,029</u>	<u>\$ 2,826,445</u>	<u>\$ 5,937,615</u>	<u>\$ 8,764,060</u>

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

The Jed Foundation
Statements of Functional Expenses
Year Ended December 31, 2019 with Comparative Totals for 2018

	2019								
	Program Services				Supporting Services				
	Higher Education	High School	Youth and Community Campaigns and Education	Program Services Total	Management and General	Fund Raising	Supporting Services Total	2019 Total	2018 Total
Salaries	\$ 1,192,172	\$ 450,576	\$ 728,155	\$ 2,370,903	\$ 336,868	\$ 254,511	\$ 591,379	\$ 2,962,282	\$ 2,251,513
Employee benefits	84,025	32,047	61,711	177,783	29,305	16,885	46,190	223,973	180,845
Payroll taxes	87,451	33,052	53,413	173,916	24,711	18,669	43,380	217,296	151,244
Professional services	487,245	125,416	548,129	1,160,790	198,515	70,340	268,855	1,429,645	1,363,531
In-kind advertising	-	-	-	-	-	-	-	-	1,561,505
In-kind professional services	27,027	27,027	13,514	67,568	123,497	5,750	129,247	196,815	602,599
Occupancy	117,021	44,228	71,474	232,723	33,067	24,982	58,049	290,772	247,456
Office expense and fees	84,516	23,793	67,695	176,004	51,180	24,120	75,300	251,304	222,238
Amortization and depreciation	158,385	48,967	62,164	269,516	4,190	16,885	21,075	290,591	269,651
Travel	144,427	14,811	74,535	233,773	14,291	16,113	30,404	264,177	184,988
Advertising and public relations	59,805	10,973	143,699	214,477	-	5,098	5,098	219,575	169,952
Video production and technology	1,179	-	13,799	14,978	-	-	-	14,978	86,444
Website maintenance	97,754	12,277	11,539	121,570	-	-	-	121,570	133,145
Conferences and training	36,642	2,910	4,257	43,809	21,646	42,898	64,544	108,353	59,749
Recruiting	-	-	-	-	-	-	-	-	36,687
Event management	-	-	-	-	-	42,565	42,565	42,565	60,123
Printing and reproduction	17,840	95,707	6,588	120,135	-	18,155	18,155	138,290	58,805
Event expenses	-	-	43,117	43,117	-	-	-	43,117	44,390
Direct costs of special events	-	-	-	-	-	385,266	385,266	385,266	299,254
Bad debts	-	-	-	-	-	-	-	-	18,464
Program supplies	-	-	905	905	-	-	-	905	11,968
Miscellaneous	1,445	19	5,224	6,688	-	416	416	7,104	24,721
Insurance	-	-	-	-	22,345	-	22,345	22,345	6,625
Disbursements to partner	250,000	-	-	250,000	-	-	-	250,000	-
Loss on fixed asset disposal	10,417	3,973	7,650	22,040	3,776	2,093	5,869	27,909	-
	<u>2,857,351</u>	<u>925,776</u>	<u>1,917,568</u>	<u>5,700,695</u>	<u>863,391</u>	<u>944,746</u>	<u>1,808,137</u>	<u>7,508,832</u>	<u>8,045,897</u>
Less: direct costs of special events netted with revenue	-	-	-	-	-	(385,266)	(385,266)	(385,266)	(299,254)
	<u>\$ 2,857,351</u>	<u>\$ 925,776</u>	<u>\$ 1,917,568</u>	<u>\$ 5,700,695</u>	<u>\$ 863,391</u>	<u>\$ 559,480</u>	<u>\$ 1,422,871</u>	<u>\$ 7,123,566</u>	<u>\$ 7,746,643</u>

The Notes to Financial Statements are an integral part of this statement.

The Jed Foundation
Statements of Functional Expenses
Year Ended December 31, 2018

	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	\$ 945,554	\$ 308,482	\$ 567,980	\$ 1,822,016	\$ 224,849	\$ 204,648	\$ 429,497	\$ 2,251,513
Employee benefits	75,948	24,778	45,621	146,347	18,060	16,438	34,498	180,845
Payroll taxes	63,517	20,722	38,154	122,393	15,104	13,747	28,851	151,244
Professional services	561,340	168,801	452,812	1,182,953	135,900	44,678	180,578	1,363,531
In-kind advertising	-	117,945	1,443,560	1,561,505	-	-	-	1,561,505
In-kind professional services	32,238	18,805	426,917	477,960	124,639	-	124,639	602,599
Occupancy	103,922	33,904	62,425	200,251	24,713	22,492	47,205	247,456
Office expense and fees	59,212	15,969	83,848	159,029	16,820	46,389	63,209	222,238
Amortization and depreciation	154,511	41,702	45,434	241,647	20,720	7,284	28,004	269,651
Travel	117,738	14,672	33,778	166,188	3,210	15,590	18,800	184,988
Advertising and public relations	25,273	7,400	119,473	152,146	-	17,806	17,806	169,952
Video production and technology	3,989	5,780	16,450	26,219	-	60,225	60,225	86,444
Website maintenance	43,682	28,996	60,467	133,145	-	-	-	133,145
Conferences and training	32,312	7,895	11,619	51,826	4,148	3,775	7,923	59,749
Recruiting	17,769	4,469	8,228	30,466	3,257	2,964	6,221	36,687
Event management	-	-	-	-	-	60,123	60,123	60,123
Printing and reproduction	12,353	18,699	10,996	42,048	-	16,757	16,757	58,805
Event expenses	200	-	33,886	34,086	-	10,304	10,304	44,390
Direct costs of special events	-	-	-	-	-	299,254	299,254	299,254
Bad debts	-	-	-	-	-	18,464	18,464	18,464
Merchandise	-	-	11,349	11,349	-	619	619	11,968
Miscellaneous	5,560	84	5,260	10,904	427	13,390	13,817	24,721
Insurance	-	-	-	-	6,625	-	6,625	6,625
	<u>2,255,118</u>	<u>839,103</u>	<u>3,478,257</u>	<u>6,572,478</u>	<u>598,472</u>	<u>874,947</u>	<u>1,473,419</u>	<u>8,045,897</u>
Less: Direct costs of special events netted with revenue	-	-	-	-	-	(299,254)	(299,254)	(299,254)
	<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>

The Notes to Financial Statements are an integral part of this statement.

The Jed Foundation
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating activities		
Changes in net assets	\$ 9,055,969	\$ 3,361,795
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Amortization and depreciation	290,591	269,651
Bad debts	-	18,464
Realized loss on investments	2,376	4,090
Contribution of donated securities	(100,000)	(100,000)
Net present value adjustment on pledges receivable	650,977	128,965
(Increase) decrease in operating assets and liabilities		
Pledges receivable	(8,985,651)	(2,509,699)
Prepaid expenses	(59,205)	(56,910)
Fundraising materials	-	5,902
Other assets	(73,900)	24,785
Accounts payable and accrued expenses	307,520	(46,152)
Deferred revenue	356,263	223,340
Accrued rent	-	4,365
Security deposit payable	-	(3,027)
Net cash provided by operating activities	<u>1,444,940</u>	<u>1,325,569</u>
Investing activities		
Purchase of property and equipment	(292,814)	(61,000)
Proceeds from sale of donated marketable securities	<u>97,624</u>	<u>95,910</u>
Net cash provided by (used in) investing activities	<u>(195,190)</u>	<u>34,910</u>
Net change in cash and cash equivalents	1,249,750	1,360,479
Cash and cash equivalents		
Beginning of year	<u>4,714,314</u>	<u>3,353,835</u>
End of year	<u>\$ 5,964,064</u>	<u>\$ 4,714,314</u>
Supplemental disclosure of cash flow information		
Non-cash transactions		
Contributed services and materials	<u>\$ 196,815</u>	<u>\$ 2,164,104</u>

The Notes to Financial Statements are an integral part of this statement.

The Jed Foundation
Notes to Financial Statements
December 31, 2019 and 2018

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 through the JED Campus program. 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. JED also began work to develop a 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 JED provides to them. In addition, in partnership with the Healthy Minds Network at the University of Michigan, JED 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:

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- 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 that 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:

Net assets 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.

Net assets 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 time restrictions or satisfaction of purpose restrictions of net assets with donor restrictions are reported as net assets released from restrictions in the statements of activities and changes in net assets.

Revenue and Support Recognition

Contribution Revenue

Contributions, including unconditional promises to give, are recognized as revenue in the period received or pledged. Contributions are classified and reported based on the existence or absence of donor-imposed restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restriction. Contributions received in securities or other non-cash contributions are recorded at fair value at the date of the gift and are sold shortly after or upon receipt.

Conditional promises to give, which include those with a barrier or other measurable performance requirement and a right of return or release, are not recognized as revenue until the conditions on which they depend have been substantially met. Payments received in advance of conditions being met are recorded as refundable advances on the statements of financial position.

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Notes to Financial Statements
December 31, 2019 and 2018

Special Event Revenue

Special event revenue is comprised of an exchange element based on the value of benefits provided, 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 and changes in net assets. Contribution revenue is recorded at the time of notification of the contribution and ticket revenue is recorded at the point of time when the event occurs.

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.

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 at hourly rates and is recorded as the service is provided. Funds received in advance of the amount earned as revenue are shown as deferred revenue in the statements of financial position. The Foundation was founded in 2000 and 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.

Other Revenues

Other revenues include investment return, net and rental income. Rental income received under a sub-lease is reported as income based on terms of the lease agreement. Investment return, net is recorded at the time the investment income is received, time of sale of the underlying investment or upon measurement to fair value for gains or losses and is reported as changes in net assets without donor restrictions unless limited by explicit donor-imposed restrictions or by law. 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.

Cash Equivalents

The Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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.

The Jed Foundation
Notes to Financial Statements
December 31, 2019 and 2018

Contributions and Grants Receivable and Credit Policies

Pledges receivable consist mainly of unconditional promises to give through foundation grants and contributions from individuals. Unconditional promises to give that are expected to be collected in more than a year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using a risk-free rate of return and are recorded as a reduction of the associated contribution in the year the pledge is received. As annual payments are received and the receivable is revalued the associated discount will be recorded as an increase the related revenue. The Foundation monitors the collectability of these receivables and has determined that no allowance for uncollectible accounts was necessary at December 31, 2019 and 2018.

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, 2019 and 2018, was \$219,575 and \$169,952, respectively, excluding in-kind advertising found in Note 8 and can be found on the statements of functional expenses as advertising and public relations.

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

Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. This was implemented during 2019 and JED has adjusted the presentation in these financial statements accordingly. The amendments have been applied using the full retrospective method to all periods presented with no effect on net assets.

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In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. JED has implemented the provisions of ASU 2018-08 applicable to contributions received in the accompanying financial statements under a modified prospective basis during 2019. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

New Accounting Pronouncements Issued Not Yet Effective

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, 2020.

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, which is effective for fiscal years beginning after December 15, 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.

JED is currently evaluating the effect that these pronouncements will have on its financial statements and related disclosures.

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 or tax related penalties and interest recorded for the years ended at December 31, 2019 and 2018.

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. The estimated value of the future cash flows was determined using a discount rate of 5%. Pledges receivable at December 31, are as follows:

	<u>2019</u>	<u>2018</u>
Due in one year or less	\$ 7,058,497	\$ 2,570,208
Due between one year and five years	<u>6,138,008</u>	<u>1,640,646</u>
Pledges receivable, gross	13,196,505	4,210,854
Less: Unamortized discount	<u>(802,266)</u>	<u>(151,289)</u>
Pledges receivable, net	12,394,239	4,059,565
Less: Current promises to give	<u>7,058,497</u>	<u>2,570,208</u>
Long-term promises to give, net	<u>\$ 5,335,742</u>	<u>\$ 1,489,357</u>

Maturities of contributions and pledges receivable are as follows: 2020 - \$7,058,498; 2021 - \$2,340,956; 2022 - \$1,939,956; and 2023 - \$1,857,095.

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5. PROPERTY AND EQUIPMENT

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

	<u>2019</u>	<u>2018</u>	<u>Estimated Useful Lives (Years)</u>
Computer equipment	\$ 82,919	\$ 66,339	3
Furniture and fixtures	83,072	66,290	5
Leasehold improvements	48,389	49,340	7
Website development	1,127,062	1,051,562	3
Software	<u>349,572</u>	<u>191,094</u>	3
	1,691,014	1,424,625	
Less: Accumulated depreciation and amortization	<u>1,343,525</u>	<u>1,079,359</u>	
Property and equipment, net	<u>\$ 347,489</u>	<u>\$ 345,266</u>	

Amortization was \$259,622 and \$248,931 for the years ended December 31, 2019 and 2018, respectively. Depreciation was \$30,969 and \$20,720 for the years ended December 31, 2019 and 2018, respectively. During 2018, the Foundation wrote off obsolete website and software, which had a remaining value of \$272,773. Future amortization expense is expected to be the following 2021 - \$182,112; 2022 - \$98,733.

6. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2019 and 2018, financial assets and liquidity resources available within one year for general operating expenses were as follows:

	<u>2019</u>	<u>2018</u>
Financial assets		
Cash and cash equivalents	\$ 5,964,064	\$ 4,714,314
Pledges receivable	<u>12,394,239</u>	<u>4,059,565</u>
	18,358,303	8,773,879
Less: Financial assets unavailable for general expenditure		
Net assets restricted for long-term purposes	<u>(13,810,943)</u>	<u>(5,937,615)</u>
Total financial assets and liquidity resources available within one year	<u>\$ 4,547,360</u>	<u>\$ 2,836,264</u>

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.

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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, 2019 and 2018, the Foundation received the following in-kind contributions of materials and services that have been reflected in the financial statements:

	<u>2019</u>	<u>2018</u>
Professional services	\$ 196,815	\$ 602,599
Advertising	-	1,561,505
Materials	-	11,900
	<u>\$ 196,815</u>	<u>\$ 2,176,004</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. CONCENTRATION OF REVENUE AND CREDIT RISK

The Foundation has financial concentrations in the following areas:

Pledge Receivable and Contribution Revenue

During 2019 and 2018, the Foundation's pledges receivable of approximately 86% and 84%, respectively, were from two donors. During 2019 and 2018, the Foundation received approximately 63% and 65% 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, 2019 and 2018, the Foundation had cash balances which may have exceeded the insured limit.

9. NET ASSETS

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

	<u>2019</u>	<u>2018</u>
Net assets with donor restrictions		
Higher education	\$ 183,082	\$ 349,733
High school	1,311,976	1,427,644
Youth and community campaigns and education	64,162	396,925
Future periods	<u>12,251,723</u>	<u>3,763,313</u>
	<u>\$ 13,810,943</u>	<u>\$ 5,937,615</u>

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

	<u>2019</u>	<u>2018</u>
Higher education	\$ 2,637,963	\$ 1,405,471
High school	795,456	549,443
Youth and community campaigns and education	579,782	634,470
Future periods	<u>-</u>	<u>250,000</u>
	<u>\$ 4,013,201</u>	<u>\$ 2,839,384</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 for the year ended December 31, 2018 under the agreement. The lease was 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 \$290,772 and \$247,456 for the years ended December 31, 2019 and 2018, respectively, under the agreement and is recorded in occupancy in the statements of functional expenses. Future lease payments are:

2020	\$ 232,867
2021	239,853
2022	<u>142,333</u>
	<u>\$ 615,053</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. Deferred rent payable was \$38,957 at each of the years ended December 31, 2019 and 2018, 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, 2019 and 2018.

13. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring after the statement of financial position date through the date of August 12, 2020, which is the date the financial statements were available to be issued. Based upon this evaluation, The Jed Foundation has determined that the following subsequent events have occurred, which require disclosure in the financial statements:

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COVID-19

The current outbreak of a novel strain of coronavirus (COVID-19) is significantly impacting businesses across the world. While the duration of business interruption from this outbreak and related financial impact cannot be reasonably estimated at this time, financial results may be adversely affected in 2020. The extent to which the coronavirus impacts operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

CARES Loan

During May 2020, JED received a loan from a financial institution authorized through the Paycheck Protection Program authorized by the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") in the amount of \$346,253. The loan may be forgiven by the financial institution based on the use of the loan proceeds in accordance with the CARES Act. If it is determined by the financial institution that the criteria for debt forgiveness has not been met, the loan will mature 2 years from the date of the loan and interest will accrue at 1% annually. Any debt forgiveness will be recognized at the time the financial institution review is completed and forgiveness has been approved. Based on this evaluation, the Foundation has determined that no other subsequent events have occurred, which require disclosure in the financial statements.