

THE JASON FOUNDATION, INC.

Financial Statements

December 31, 2017 and 2016

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BLANKENSHIP CPA GROUP, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Jason Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Jason Foundation, Inc. (a not-for-profit corporation), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 included 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 Jason Foundation, Inc. as of December 31, 2017 and 2016, 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 10 to the financial statements, the 2016 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Blankenship CPA Group, PLLC

February 20, 2018

THE JASON FOUNDATION, INC.
Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash	\$2,074,956	\$2,017,579
Reimbursements Receivable	97,075	41,404
Prepaid Expenses	4,473	5,462
Total Current Assets	2,176,504	2,064,445
Fixed Assets		
Land	285,411	285,411
Building	1,217,436	1,217,436
Improvements	5,250	5,250
Furniture and Fixtures	8,347	8,347
Equipment	112,178	117,599
Vehicles	15,544	15,544
Accumulated Depreciation	(466,915)	(428,203)
Total Fixed Assets	1,177,251	1,221,384
 Total Assets	 \$3,353,755	 \$3,285,829
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 12,358	\$ 333
Payroll and Payroll Taxes Payable	13,729	11,578
Total Current Liabilities	26,087	11,911
Long-term Liabilities		
Deferred Employee Benefits	132,150	105,527
Total Long-term Liabilities	132,150	105,527
 Total Liabilities	 158,237	 117,438
Net Assets		
Unrestricted		
Board Designated	200,000	200,000
Undesignated	2,985,518	2,968,391
Total Unrestricted Net Assets	3,185,518	3,168,391
Temporarily Restricted Net Assets	10,000	-
Total Net Assets	3,195,518	3,168,391
 Total Liabilities and Net Assets	 \$ 3,353,755	 \$ 3,285,829

See notes to financial statements.

THE JASON FOUNDATION, INC.
Statements of Activities
For the Years Ended December 31, 2017 and 2016

	2017	2016
Unrestricted Net Assets		
Support and Revenues		
Contributions	\$ 343,080	\$ 334,680
Grants	131,197	137,492
Gifts in Kind	5,749,700	5,166,924
Special Events	241,774	249,262
Reimbursements	617,144	534,757
Interest Income	2,750	2,770
Total Unrestricted Support and Revenues	7,085,645	6,425,885
Expenses		
Program Expenses		
Total Program Expenses	6,831,462	6,291,710
Supporting Services		
Management and General	113,367	108,976
Cost of Direct Benefits to Donors	19,427	19,192
Fundraising	104,262	94,177
Total Supporting Services	237,056	222,345
Total Expenses	7,068,518	6,514,055
Increase (Decrease) in Unrestricted Net Assets	17,127	(88,170)
Temporarily Restricted Net Assets		
Grants	10,000	-
Increase in Temporarily Restricted Net Assets	10,000	-
Total Increase (Decrease) in Net Assets	27,127	(88,170)
Net Assets - Beginning of Year (Restated)	3,168,391	3,256,561
Net Assets - End of Year	\$ 3,195,518	\$ 3,168,391

See notes to financial statements.

THE JASON FOUNDATION, INC.
Statements of Functional Expenses
For the Years Ended December 31, 2017 and 2016

	2017				2016			
	Program Expenses	Supporting Services		Total Expenses	Program Expenses	Supporting Services		Total Expenses
		Management and General	Fundraising Expenses			Management and General	Fundraising Expenses	
Salaries	\$ 731,950	\$ 56,929	\$ 24,398	\$ 813,277	\$ 690,256	\$ 53,687	\$ 23,009	\$ 766,951
Payroll Taxes	53,383	4,152	1,779	59,314	50,375	3,918	1,679	55,972
Mileage Reimbursement	6,253	-	-	6,253	5,306	-	-	5,306
Retirement	19,359	1,506	645	21,510	17,617	1,370	587	19,574
Employee Benefits	37,693	2,932	1,256	41,881	37,463	2,914	1,249	41,625
Advertising	2,742	-	-	2,742	388	-	-	388
Bank Charges	-	2,484	-	2,484	-	1,115	-	1,115
Board of Directors Expenses	-	6,486	132	6,618	-	4,928	101	5,029
Conference and Seminars	5,225	-	-	5,225	6,328	-	-	6,328
Depreciation and Amortization	43,987	3,421	1,466	48,874	43,580	3,391	1,453	48,423
Dues and Subscriptions	3,096	241	103	3,440	2,868	223	96	3,187
Educational Programs	68,743	-	-	68,743	145,454	-	-	145,454
Equipment and Maintenance	-	13,937	-	13,937	-	15,921	-	15,921
Insurance	13,879	1,079	463	15,421	13,840	1,076	461	15,378
Miscellaneous	4,394	673	-	5,067	5,194	799	-	5,993
Postage and Shipping	9,769	3,267	-	13,036	19,487	3,548	-	23,035
Printing and Publications	-	5,538	-	5,538	-	5,510	-	5,510
Professional Fees	9,843	-	-	9,843	9,950	-	-	9,950
Public Relations	-	2,264	-	2,264	-	2,697	-	2,697
Supplies	19,200	808	202	20,210	19,869	837	209	20,915
Taxes and Licenses	-	5,821	-	5,821	-	4,819	-	4,819
Technical and Support Services	6,344	-	-	6,344	4,885	-	-	4,885
Telephone and Internet	10,566	445	111	11,122	16,779	706	177	17,662
Travel	20,500	596	-	21,096	48,754	755	-	49,509
Utilities	10,134	788	338	11,260	9,804	763	327	10,893
Website and Virtual Programs	48,841	-	-	48,841	19,870	-	-	19,870
Donated Services and Facilities	5,705,561	-	-	5,705,561	5,123,644	-	-	5,123,644
Special Events Expense	-	-	48,656	48,656	-	-	40,742	40,742
Special Events In-Kind	-	-	44,138	44,138	-	-	43,280	43,280
Total	\$ 6,831,462	\$ 113,367	\$ 123,689	\$ 7,068,518	\$ 6,291,710	\$ 108,976	\$ 113,369	\$ 6,514,055

See notes to financial statements.

THE JASON FOUNDATION, INC.
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	<u>\$ 27,127</u>	<u>\$ (88,170)</u>
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	48,874	48,423
(Increase) Decrease in:		
Reimbursements Receivable	(55,671)	70,542
Prepaid Expenses	989	674
Increase (Decrease) in:		
Accounts Payable	12,026	(6,313)
Payroll and Payroll Taxes Payable	2,151	9,149
Deferred Employee Benefits	<u>26,623</u>	<u>26,010</u>
Total Adjustments	<u>34,992</u>	<u>148,485</u>
Net Cash Provided by Operating Activities	<u>62,119</u>	<u>60,315</u>
Cash Flows from Investing Activities		
Cash Payments for the Purchase of Fixed Assets	<u>(4,743)</u>	<u>(2,151)</u>
Net Cash Used in Investing Activities	<u>(4,743)</u>	<u>(2,151)</u>
Net Increase in Cash	57,376	58,164
Cash - Beginning of Year	<u>2,017,579</u>	<u>1,959,415</u>
Cash - End of Year	<u><u>\$ 2,074,955</u></u>	<u><u>\$ 2,017,579</u></u>

See notes to financial statements.

THE JASON FOUNDATION, INC.
Notes to Financial Statements
December 31, 2017 and 2016

Note 1. Summary of Significant Accounting Policies

A. Nature of Activities

The Jason Foundation, Inc. (the "Foundation") is a not-for-profit corporation dedicated to the prevention of the "Silent Epidemic" of youth suicide through educational and awareness programs to equip young people, educators/youth workers, and parents with the tools and resources to help identify and assist at-risk youth.

B. Basis of Accounting

Financial statement presentation follows the recommendations reported in accordance with the FASB Accounting Standards Codification for *Presentation of Financial Statements, Not-For-Profit Entities*. The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

C. Net Assets Presentation

The net assets of the Foundation and changes therein are classified and reported as follows.

Unrestricted - Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Foundation and/or the passage of time.

Permanently Restricted - Net assets subject to donor-imposed restrictions that do not expire with the passage of time and cannot be removed or fulfilled by the Foundation's actions. Permanently restricted net assets must be maintained by the Foundation in perpetuity.

D. Estimates

The preparation of the 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.

E. Cash and Cash Equivalents

For purposes of the statements of cash flows, cash includes cash on hand, demand deposits, and certificates of deposits with maturities of three months or less. The Foundation has no cash equivalents.

F. Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows unless the value not discounted is immaterial to the financial statements as a whole. Conditional promises to give are not included as support until the conditions are substantially met. The allowance for doubtful accounts is reserved by management based on historical trends and current information. As of December 31, 2017 and 2016, no allowance has been recorded.

G. Accrued Compensated Absences

Employees at the Foundation earn paid time off (PTO) each month according to their number of years of service. Individuals are allowed to carryover five days of PTO into a sick bank. Once an individual acquires 30 days in the individual's sick bank, the individual becomes eligible for a 70% payout on leftover days. The payout allows a maximum of five days and any excess days will be lost. Upon leaving the Foundation, vacation time accrued during the current year will be paid. Also, up to 30 days of sick bank time will be paid if the individual is retiring after the age of 62 or has 25 years of service with the Foundation. The Foundation does not consider the liability for accrued compensated absences to be material and, therefore has not recognized a liability at December 31, 2017 and 2016.

THE JASON FOUNDATION, INC.
Notes to Financial Statements - Continued
December 31, 2017 and 2016

Note 1. Summary of Significant Accounting Policies – Continued

H. Fixed Assets

Fixed assets with a cost of \$1,500 or more and an estimated useful life of greater than one year are carried at cost if purchased or estimated fair market value if donated. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, excluding land, which are 5 to 30 years. Depreciation and amortization expense for the years ended December 31, 2017 and 2016 was \$48,875 and \$48,423.

Contributed fixed assets are recorded at estimated fair market value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of fixed assets are recorded as unrestricted support.

I. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted. Otherwise, when a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

J. Contributed Services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received. The Foundation receives contributed services for the staffing of suicide prevention resource lines and satellite offices. These services have been recorded at their estimated fair value. The Foundation also has several volunteers whose services do not meet the requirements for recognition in the financial statements and have not been recorded or reflected in the accompanying financial statements.

K. Income Taxes

The Foundation is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

L. Functional Expenses

The costs of providing the various programs have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

M. Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2017 and 2016 were \$2,742 and \$388.

N. Printing and Production Costs of Program Materials

Program materials are developed, modified, and produced as needed. Printing and production costs of program materials are expensed as incurred. Program materials costs for the years ended December 31, 2017 and 2016 were \$40,623 and \$84,700.

O. Reclassifications

Certain reclassification have been made to the 2016 financial statements to conform to 2017 presentation. Certain expenses incurred for special events that provided direct benefit to donors previously included in the caption "Fundraising" have been reclassified to "Costs of Direct Benefit to Donors."

THE JASON FOUNDATION, INC.
Notes to Financial Statements - Continued
December 31, 2017 and 2016

Note 2. Affiliations

The Foundation has several affiliations as part of a diversification plan. Each affiliation arrangement is different, but they are all providing a combination of contributed services and facilities, cash contributions and/or reimbursements for direct expenses. Each donated facility is considered a satellite office of the Foundation. As such, each office would require cash expenditures by the Foundation if the services were not donated. The Foundation has recognized contributed services and supplies from 114 satellite offices of \$5,705,561 in 2017 and from 94 satellite offices of \$5,067,234 in 2016. As of December 31, 2017 and 2016, affiliates owed the Foundation \$97,075 and \$41,404 for unreimbursed expenses.

Note 3. Contributed Assets and Services

Donated assets and services are used in the ongoing operations of the Foundation. The value of donated assets and services included in the financial statements and the corresponding expenditure or asset capitalization for the years ended December 31, 2017 and 2016 are as follows:

Revenues		
	2017	2016
Gifts In-Kind	\$ 5,705,561	\$ 5,123,644
Special Events	44,139	43,280
	\$ 5,749,700	\$ 5,166,924
Expenses		
	2017	2016
Donated Services & Facilities - Affiliates	\$ 5,705,561	\$ 5,067,234
Donated Services & Facilities - Other	-	56,410
Special Events	44,139	43,280
	\$ 5,749,700	\$ 5,166,924

Note 4. Concentrations of Risk

The Foundation relies on contributions and special events to fund operations. For the year ended December 31, 2017, four donors accounted for 80% of total support and in-kind donations. For the year ended December 31, 2016, four donors accounted for 81% of total support and in-kind donations.

The Foundation has cash deposits in financial institutions in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$87,337 and \$44,780 at December 31, 2017 and 2016.

Note 5. Net Assets

Board Restricted

Board restricted net assets consist of cash held in certificates of deposit as directed by the Board of Directors for future operations. Interest earned on these funds is not restricted.

Temporarily Restricted

Net assets of \$10,000 are temporarily restricted for use in the Guard Your Buddy Program as of December 31, 2017.

Note 6. Line of Credit

The Foundation has available an unsecured line of credit in the amount of \$200,000 which matured December 31, 2017 and was renewed January 25, 2018 for maturity December 31, 2019. As of December 31, 2017, there was no outstanding balance. Interest is payable monthly at a rate of .5% above index. The interest rate at December 31, 2017 was 4.50%.

THE JASON FOUNDATION, INC.
Notes to Financial Statements - Continued
December 31, 2017 and 2016

Note 7. Operating Lease

The Foundation leases copiers under an operating lease expiring April 2021. Future year's minimum rental payments required under operating leases that have initial or remaining non-cancelable base terms in excess of one year as of December 31, 2017 are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2018	\$ 4,245
2019	4,245
2020	4,245
2021	1,061
	<u>\$ 13,796</u>

Rental expense for all operating leases for the years ended December 31, 2017 and 2016 was \$5,538 and \$5,034.

Note 8. Retirement Plan

The Foundation maintains a SIMPLE retirement plan with a 408(p) salary reduction feature. The plan allows for Foundation contributions up to a 3% match of employee contributions. Total Foundation contributions for 2017 and 2016 were \$21,510 and \$19,574.

Note 9. Deferred Compensation

The Foundation has individual deferred compensation agreements with four members of management. The separate agreements provide for individuals to earn additional compensation over a service period which began in 2011. Payments and vesting vary among the agreements. The Foundation has accrued the present value of the most likely estimated future benefit payments over the period from the date of the agreements until the first date of eligible payment. The deferred compensation arrangements are unfunded; therefore benefits will be paid from net assets of the Foundation. The discount rate for the present value is based on the Foundation's average investment rate of return.

Note 10. Correction of an Error

The Foundation identified a misapplication of accounting guidance related to deferred compensation agreements during 2017. Deferred employee benefits liability and employee benefits expense were understated \$79,516 at January 1, 2016. The net assets of the Foundation as of January 1, 2016 have been restated to reflect the \$79,516 from \$3,336,077 to \$3,256,561. Additional employee benefits expense and deferred benefits liability of \$26,010 and \$26,623 have been recognized as of and for the years ended December 31, 2016 and 2017.

Note 11. Upcoming Accounting Pronouncements

In August, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, that is intended to improve financial reporting relating to liquidity, financial performance and cash flows.

More specifically, the changes affect net asset classifications by reflecting two classifications of net assets, one "without donor-imposed restrictions" and one "with donor-imposed restrictions," which differ from the traditional classifications of unrestricted, temporarily restricted, and permanently restricted. In addition, reporting of expenses by both natural and functional classification is required and investment returns must be reflected net of related investment expenses. The cash flows statement is also allowed to be restructured by using the direct method of reporting and there are further disclosures regarding an organization's liquidity.

THE JASON FOUNDATION, INC.
Notes to Financial Statements - Continued
December 31, 2017 and 2016

Note 11. Upcoming Accounting Pronouncements - Continued

The new standard is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Foundation is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

Note 12. Subsequent Events

The Foundation has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2017 through February 20, 2018, the date the financial statements were available to be issued.