

THE JASON FOUNDATION, INC.

Financial Statements

December 31, 2018

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 statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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' 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 Jason Foundation, Inc. as of December 31, 2018, 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.

Blankenship CPA Group, PLLC

March 5, 2019

THE JASON FOUNDATION, INC.
Financial Statements
December 31, 2018

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THE JASON FOUNDATION, INC.
Statement of Financial Position
December 31, 2018

Assets

Current Assets

Cash	\$ 2,274,813
Reimbursements Receivable	59,425
Prepaid Expenses	4,567
Total Current Assets	2,338,805

Fixed Assets

Land	285,411
Building	1,217,436
Improvements	5,250
Furniture and Fixtures	8,347
Equipment	112,178
Vehicles	15,544
Accumulated Depreciation	(512,730)
Total Fixed Assets	1,131,436

Total Assets	\$ 3,470,241
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Liabilities and Net Assets

Current Liabilities

Accounts Payable	\$ 15,091
Payroll and Payroll Taxes Payable	3,928
Deferred Revenue	7,700
Total Current Liabilities	26,719

Long-term Liabilities

Deferred Employee Benefits	145,429
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Total Liabilities	172,148
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Net Assets

Without Donor Restrictions	
Board Designated	200,000
Undesignated	3,088,093
Total without donor restrictions	3,288,093

With Donor Restrictions	10,000
Total Net Assets	3,298,093

Total Liabilities and Net Assets	\$ 3,470,241
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See notes to financial statements.

THE JASON FOUNDATION, INC.
Statement of Activities
For the Year Ended December 31, 2018

Operating Activities	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	\$ 349,908	\$ -	\$ 349,908
Grants	134,342	-	134,342
Gifts in Kind	6,464,208	-	6,464,208
Special Events	265,535	-	265,535
Reimbursement Revenue	719,094	-	719,094
Interest Income	15,793	-	15,793
Total Support and Revenues	<u>7,948,880</u>	<u>-</u>	<u>7,948,880</u>
Expenses			
Program Expenses	<u>7,605,327</u>	<u>-</u>	<u>7,605,327</u>
Supporting Services			
Management and General	118,349	-	118,349
Cost of Direct Benefits to Donors	22,960	-	22,960
Fundraising	99,669	-	99,669
Total Supporting Services	<u>240,978</u>	<u>-</u>	<u>240,978</u>
Total Expenses	<u>7,846,305</u>	<u>-</u>	<u>7,846,305</u>
Change in Net Assets from Operations	102,575	-	102,575
Net Assets - Beginning of Year	<u>3,185,518</u>	<u>10,000</u>	<u>3,195,518</u>
Net Assets - End of Year	<u>\$ 3,288,093</u>	<u>\$ 10,000</u>	<u>\$ 3,298,093</u>

See notes to financial statements.

THE JASON FOUNDATION, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Expenses	Supporting Services		Total Expenses
		Management and General	Fundraising Expenses	
Salaries	\$ 762,040	\$ 59,270	\$ 25,401	\$ 846,711
Payroll Taxes	55,871	4,346	1,862	62,079
Mileage Reimbursement	6,292	-	-	6,292
Retirement	20,288	1,578	676	22,542
Employee Benefits	26,348	2,049	878	29,275
Advertising	1,791	-	-	1,791
Bank Charges	-	2,450	-	2,450
Board of Directors Expenses	-	5,761	118	5,879
Conference and Seminars	8,634	-	-	8,634
Depreciation	41,234	3,207	1,374	45,815
Dues and Subscriptions	3,475	270	116	3,861
Educational Programs	93,319	-	-	93,319
Equipment and Maintenance	-	16,575	-	16,575
Insurance	12,065	938	402	13,405
Miscellaneous	2,340	278	-	2,618
Postage and Shipping	12,237	5,249	-	17,486
Printing and Publications	105	4,824	-	4,929
Professional Fees	10,600	-	-	10,600
Public Relations	-	2,931	-	2,931
Supplies	15,873	668	167	16,708
Taxes and Licenses	-	6,077	-	6,077
Technical and Support Services	4,293	-	-	4,293
Telephone and Internet	11,682	492	123	12,297
Travel	37,651	565	-	38,216
Utilities	10,554	821	352	11,727
Website and Virtual Programs	52,983	-	-	52,983
Donated Services and Facilities	6,415,652	-	-	6,415,652
Special Events Expense	-	-	42,604	42,604
Special Events In-Kind	-	-	48,556	48,556
Total	\$ 7,605,327	\$ 118,349	\$ 122,629	\$ 7,846,305

See notes to financial statements.

THE JASON FOUNDATION, INC.
Statement of Cash Flows
For the Year Ended December 31, 2018

Cash Flows from Operating Activities	
Change in Net Assets	<u>\$ 102,575</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	45,815
(Increase) Decrease in:	
Reimbursements Receivable	37,651
Prepaid Expenses	(94)
Increase (Decrease) in:	
Accounts Payable	2,733
Payroll and Payroll Taxes Payable	(9,801)
Deferred Revenue	7,700
Deferred Employee Benefits	13,279
Total Adjustments	<u>97,283</u>
Net Cash Provided by Operating Activities	<u>199,858</u>
Net Increase in Cash	199,858
Cash - Beginning of Year	<u>2,074,955</u>
Cash - End of Year	<u><u>\$ 2,274,813</u></u>

See notes to financial statements.

THE JASON FOUNDATION, INC.
Notes to Financial Statements
December 31, 2018

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 Presentation

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of The Foundation's management and the board of directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of The Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

C. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Foundation's ongoing support services and interest and dividends earned on investments. Non-operation activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

D. Estimates

The preparation of the financial statements in conformity with US GAAP 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 statement of cash flows, cash includes cash on hand, demand deposits, and certificates of deposits. 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. 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, 2018, no allowance has been recorded. There were no promises to give at December 31, 2018.

G. Accrued Compensated Absences

Employees at the Foundation earn paid time off (PTO) each month according to their number of years of service. Employees are allowed to carryover eight days of PTO into a PTO bank until they reach 30 days. Once employees have 30 days in their PTO Bank, they are eligible for 70% payout on leftover days up to ten days, the remaining is lost. Upon leaving the Foundation, PTO accrued during the current year and up to 30 days of PTO bank time will be paid.

THE JASON FOUNDATION, INC.
Notes to Financial Statements - Continued
December 31, 2018

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 expense for the year ended December 31, 2018 was \$45,815.

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 with donor restrictions. In the absence of such stipulations, contributions of fixed assets are recorded as support without donor restrictions.

I. Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction is satisfied in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement 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. 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 statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited based on the following:

<i>Expense</i>	<i>Method of Allocation</i>
Salaries and Benefits	Time and Effort
Board of Direct Expenses	Time and Effort
Dues and Subscriptions	Time and Effort
Supplies	Time and Effort
Telephone and Internet	Time and Effort
Utilities	Time and Effort
Depreciation	Time and Effort

THE JASON FOUNDATION, INC.
Notes to Financial Statements - Continued
December 31, 2018

Note 1. Summary of Significant Accounting Policies – Continued

M. Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs for the year ended December 31, 2018 were \$1,791.

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 year ended December 31, 2018 was \$51,939.

O. New Accounting Pronouncement

On August 18, 2016, FASB Issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for Profit Entities*. ASU 2016-14 addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has presented these statements in accordance with the new standard.

Note 2. Availability and Liquidity

The following represents the Foundation’s financial assets as of December 31, 2018:

Financial assets:	
Cash	\$ 2,274,813
Reimbursements receivable	59,424
Total financial assets at year end	2,334,237
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(10,000)
Board Designations	
Amounts set aside for operating reserves	(200,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,124,237

The Foundation’s goal is to maintain financial assets to meet 90 days of operating expenses which is estimated by the Foundation to be \$262,767 . As part of its liquidity plan, excess cash is invested in money market accounts and certificates of deposit. The Foundation has a \$200,000 line of credit available to meet cash flow needs, if required.

Note 3. Affiliations

The Foundation has several affiliations as part of a diversification plan. Each affiliation arrangement provides a combination of contributed services, contributed 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 128 satellite offices totaling \$6,415,652 in 2018. As of December 31, 2018 affiliates owed the Foundation \$59,425 for unreimbursed expenses.

THE JASON FOUNDATION, INC.
Notes to Financial Statements - Continued
December 31, 2018

Note 4. 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 year ended December 31, 2018 are as follows:

Revenues	
Gifts In-Kind	\$ 6,415,652
Special Events	<u>48,556</u>
	<u><u>\$ 6,464,208</u></u>
Expenses	
Donated Services and Facilities - Affiliates	\$ 6,415,652
Special Events	<u>48,556</u>
	<u><u>\$ 6,464,208</u></u>

Note 5. Concentrations of Risk

The Foundation relies on contributions and special events to fund operations. For the year ended December 31, 2018, five donors accounted for 84% of total support including 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 \$754,742 at December 31, 2018.

Note 6. Net Assets

Net assets with donor restrictions were as follows for the year ended December 31, 2018:

Specific Purpose	
Support services - Guard your Buddy	<u><u>\$ 10,000</u></u>

Net assets without donor restrictions for the year ended December 31, 2018 include a board designation of \$200,000 for operating reserves.

Note 7. Line of Credit

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

Note 8. Operating Leases

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, 2018 are as follows:

Year Ended December 31,	Amount
2019	\$ 4,245
2020	4,245
2021	<u>852</u>
	<u><u>\$ 9,342</u></u>

Rental expense for all operating leases for the year ended December 31, 2018 was \$4,454.

THE JASON FOUNDATION, INC.
Notes to Financial Statements - Continued
December 31, 2018

Note 9. 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 2018 were \$22,542.

Note 10. 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 11. Subsequent Events

The Foundation has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2018 through March 5, 2019, the date the financial statements were available to be issued.

Note 12. Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) ("ASU 2016-02"), to supersede nearly all existing lease guidance under GAAP. ASU 2016-02 requires the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases currently classified as operating leases. ASU 2016-02 also requires qualitative disclosures along with specific quantitative disclosures and is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application is permitted. Entities are required to apply the amendments at the beginning of the earliest period presented using a modified retrospective approach. The Foundation had evaluated the requirements of this guidance and has determined the impact of the adoption on its financial position, results of operations and cash flows to be minimal.

In August 2018, the FASB issued ASU 2018-18, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-18 will result in treatment of most federal grants as donor-restricted conditional contributions rather than exchange transactions and applies to all entities that make or receive contributions. The new standard also clarifies the criteria for evaluation whether contributions are unconditional or conditional. The Foundation will adopt the provision of ASU 2018-18 in fiscal year 2020.