

American Foundation for Suicide Prevention

Financial Report
June 30, 2018

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RSM US LLP

Independent Auditor's Report

Board of Directors
American Foundation for Suicide Prevention

Report on the Financial Statements

We have audited the accompanying financial statements of the American Foundation for Suicide Prevention (the Foundation), which comprise the statement of financial position as of June 30, 2018, 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.

Auditor's 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 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 Foundation as of June 30, 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.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2017 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 30, 2017. In our opinion, the summarized comparative information, presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

New York, New York
November 29, 2018

American Foundation for Suicide Prevention

Statement of Financial Position

June 30, 2018

(with summarized comparative information as of June 30, 2017)

	2018	2017
Assets		
Current assets:		
Cash (Note 2)	\$ 5,278,748	\$ 4,686,019
Investments (Note 3)	17,491,123	7,207,802
Unconditional promises to give and other receivables	2,153,689	224,534
Prepaid walk material	1,360,852	950,101
Other prepaid expenses	1,013,397	1,089,958
Total current assets	27,297,809	14,158,414
Equipment, at cost:		
Furniture, fixtures and computer equipment	734,148	659,108
Less accumulated depreciation	513,299	440,026
Equipment, at cost less depreciation	220,849	219,082
Other assets:		
Restricted investments (Notes 3 and 6)	1,475,615	1,378,062
Investments - board-designated (Notes 3 and 6)	2,292,854	2,141,121
Educational films, net	111,583	140,850
Security deposits	80,601	80,601
Total other assets	3,960,653	3,740,634
Total assets	\$ 31,479,311	\$ 18,118,130
Liabilities and Net Assets		
Current liabilities:		
Grants payable (Note 4)	\$ 3,846,097	\$ 2,630,760
Accounts payable and accrued expenses	2,323,354	1,468,578
Deferred event revenue	1,931,733	1,453,457
Total current liabilities	8,101,184	5,552,795
Noncurrent liabilities and deferred credits:		
Grants payable (Note 4)	1,848,120	2,082,147
Deferred rent credit (Note 9)	223,722	253,665
Total liabilities	10,173,026	7,888,607
Commitments (Notes 4, 8 and 9)		
Net assets:		
Unrestricted:		
General operating	16,611,130	5,583,118
Board-designated (Notes 5 and 6)	2,292,854	2,141,121
	18,903,984	7,724,239
Temporarily restricted (Notes 5 and 6)	1,568,461	1,671,444
Permanently restricted (Notes 5 and 6)	833,840	833,840
Total net assets	21,306,285	10,229,523
Total liabilities and net assets	\$ 31,479,311	\$ 18,118,130

See notes to financial statements.

American Foundation for Suicide Prevention

Statement of Activities

Year Ended June 30, 2018

(with summarized comparative information for the year ended June 30, 2017)

	2018			Total	2017
	Unrestricted	Temporarily Restricted	Permanently Restricted		Summarized Financial Information
Revenues, gains and other support:					
Functions (Note 10):					
Revenues	\$ 28,797,135	\$ -	\$ -	\$ 28,797,135	\$ 25,137,528
Direct expenses	(5,551,278)	-	-	(5,551,278)	(4,881,933)
Net function income	23,245,857	-	-	23,245,857	20,255,595
Donations	12,506,085	37,700	-	12,543,785	3,987,733
Other revenues, net	433,643	12,422	-	446,065	357,758
Investment income (Note 3)	728,460	97,520	-	825,980	898,378
Net assets released from restrictions	250,625	(250,625)	-	-	-
Total revenues, gains and other support	37,164,670	(102,983)	-	37,061,687	25,499,464
Expenses:					
Program services	21,541,837	-	-	21,541,837	19,588,012
Management and general	1,398,743	-	-	1,398,743	1,108,868
Fund-raising	3,044,345	-	-	3,044,345	2,542,601
Total expenses	25,984,925	-	-	25,984,925	23,239,481
Change in net assets	11,179,745	(102,983)	-	11,076,762	2,259,983
Net assets:					
Beginning	7,724,239	1,671,444	833,840	10,229,523	7,969,540
Ending	<u>\$ 18,903,984</u>	<u>\$ 1,568,461</u>	<u>\$ 833,840</u>	<u>\$ 21,306,285</u>	<u>\$ 10,229,523</u>

See notes to financial statements.

American Foundation for Suicide Prevention

Statement of Functional Expenses

Year Ended June 30, 2018

(with summarized comparative information for the year ended June 30, 2017)

	2018								2017
	Program Services				Supporting Services				Summarized Financial Information
	Research	Prevention and Education	Loss and Bereavement Programs	Advocacy Programs	Total Program Services	Management and General	Fund- Raising	Total Expenses	
Grants	\$ 4,551,833	\$ -	\$ -	\$ -	\$ 4,551,833	\$ -	\$ -	\$ 4,551,833	\$ 4,294,272
Salaries and wages	547,721	3,149,641	1,956,032	863,216	6,516,610	719,633	1,487,421	8,723,664	7,539,666
Employee health and retirement benefits	92,941	534,453	331,913	146,476	1,105,783	122,112	252,396	1,480,291	1,348,253
Research, educational and survivor conferences and programs	134,875	1,169,565	563,563	460,727	2,328,730	-	78,948	2,407,678	2,502,151
Out of Darkness programs	-	803,522	964,227	-	1,767,749	-	701,998	2,469,747	2,085,682
Office	52,480	752,299	282,041	188,999	1,275,819	55,076	140,781	1,471,676	1,185,492
Occupancy	39,609	227,768	141,451	62,424	471,252	52,041	107,564	630,857	686,080
Telecommunications and Internet	6,090	41,981	28,788	15,934	92,793	5,974	16,567	115,334	126,448
Equipment rental and maintenance	8,090	149,075	99,801	35,248	292,214	3,829	38,968	335,011	240,552
Travel	90,673	597,001	194,742	227,306	1,109,722	212,523	84,422	1,406,667	1,439,356
Consultants	99,592	1,339,135	472,117	118,488	2,029,332	17,122	135,280	2,181,734	1,661,625
Professional fees	-	-	-	-	-	137,160	-	137,160	71,452
Depreciation	-	-	-	-	-	73,273	-	73,273	58,452
Subtotal	5,623,904	8,764,440	5,034,675	2,118,818	21,541,837	1,398,743	3,044,345	25,984,925	23,239,481
Direct expenses of functions	-	-	-	-	-	-	5,551,278	5,551,278	4,881,933
Cost of goods sold - Public Store (netted in other revenues)	-	-	-	-	-	-	81,068	81,068	95,316
Total - 2018	\$ 5,623,904	\$ 8,764,440	\$ 5,034,675	\$ 2,118,818	\$ 21,541,837	\$ 1,398,743	\$ 8,676,691	\$ 31,617,271	
Total - 2017	\$ 5,277,122	\$ 7,586,969	\$ 4,691,289	\$ 2,032,632	\$ 19,588,012	\$ 1,108,868	\$ 7,519,850		\$ 28,216,730

See notes to financial statements.

American Foundation for Suicide Prevention

Statement of Cash Flows

Year Ended June 30, 2018

(with summarized comparative information for the year ended June 30, 2017)

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 11,076,762	\$ 2,259,983
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	73,273	58,452
Amortization of educational film costs	29,267	14,467
Realized gains on investments	-	(10,554)
Unrealized (gains) losses on investments	(548,005)	(684,816)
Deferred rent	(29,943)	(26,457)
Changes in assets and liabilities:		
Unconditional promises to give and other receivables	(1,929,155)	142,143
Prepaid walk materials and other expenses	(334,190)	(305,458)
Grants payable	981,310	553,099
Accounts payable and accrued expenses	854,776	18,130
Deferred event revenue	478,276	123,599
Net cash provided by operating activities	10,652,371	2,142,588
Cash flows from investing activities:		
Purchase of property and equipment	(75,040)	(41,433)
Acquisition of investments	(9,984,602)	(4,168,559)
Proceeds from sale of investments	-	3,822,776
Return of security deposits	-	6,777
Educational films	-	(6,500)
Net cash used in investing activities	(10,059,642)	(386,939)
Net increase in cash	592,729	1,755,649
Cash:		
Beginning	4,686,019	2,930,370
Ending	\$ 5,278,748	\$ 4,686,019

See notes to financial statements.

American Foundation for Suicide Prevention

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Principles

Organization: American Foundation for Suicide Prevention (the Foundation) is a not-for-profit organization incorporated under the laws of the state of Delaware. The Foundation was established in 1987 by concerned scientists, business and community leaders and survivors of suicide in an effort to support the research and education needed to prevent suicide. The Foundation is dedicated to funding suicide prevention research and to offering educational programs and conferences for survivors, mental health professionals, physicians and the public.

Basis of presentation: The financial statements have been prepared on an accrual basis and include the accounts of the New York National Office and the Foundation's 80 unincorporated chapters.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

Temporarily restricted net assets: Net assets subject to donor-imposed restrictions that expire by the passage of time or by actions of the Foundation. They are classified as temporarily restricted net assets until those amounts are appropriated for expenditures in a manner consistent with the donor's wishes and/or the passage of time.

Permanently restricted net assets: Net assets subject to donor-imposed restrictions that are to be permanently maintained by the Foundation.

Endowment: When the Foundation receives a contribution and the donor restricts the Foundation from spending the amount of the original gift, the contribution is classified as an endowment, with the amount of the gift recorded as permanently restricted. The Foundation is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of the State of Delaware, and has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. The remaining portion of the endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

Contributions: All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor 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 statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. A number of unpaid volunteers have made a contribution of their time to develop the Foundation's programs. The value of this contributed time is not reflected in these financial statements, as they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America (U.S. GAAP).

American Foundation for Suicide Prevention

Notes to Financial Statements

Note 1. Summary of Significant Accounting Principles (Continued)

Promises to give: Unconditional promises to give that are expected to be collected in future periods are recorded at their net realizable and present value. At June 30, 2018, all promises to give were expected to be collected within one year.

Equipment: Equipment is recorded at cost when purchased, or at estimated fair value when contributed. The Foundation capitalized all equipment in excess of \$2,500. Depreciation of equipment is provided for by straight-line methods over the estimated useful lives of the related assets ranging from three to ten years.

Investments: Investments are reported at fair value, as described in Note 3 and unrealized gains and losses are included in the statement of activities. Investment transactions are recorded on a trade-date basis and realized gains and losses on sale of investments are determined using the specific-identification method. Investment income and net gains and losses on investments are recognized as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by the donor.

Educational films: Educational film production costs are recorded as a separate asset and are amortized over their estimated useful lives. Costs of \$202,335 relating to the development of two educational films have been deferred and are amortized over estimated useful lives of five years. Amortization expense in fiscal 2018 and 2017 were \$29,267 and \$14,467, respectively.

Grants payable: The Foundation recognizes a liability for grants when the grant is unconditional and grantee has been notified of the grant.

Deferred rent: Deferred rent credit results from the difference between rent expense being recorded on a straight-line basis over the lease term and rent payments made.

Deferred event revenue: Deferred event revenue represents monies received in advance related to future events and will be recognized in the statement of activities when the event occurs.

Functional expenses: The Foundation allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated.

Tax-exempt status: The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is a publicly supported organization as described in Section 509(a). The Foundation is not classified as a private foundation.

Management evaluated the Foundation's tax positions for all open tax years and has concluded that the Foundation had taken no uncertain tax positions that require adjustment or disclosure to these financial statements.

American Foundation for Suicide Prevention

Notes to Financial Statements

Note 1. Summary of Significant Accounting Principles (Continued)

Recently issued accounting pronouncements: In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU 2018-08 clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. The new standard is effective for fiscal years beginning after December 15, 2018. The Foundation is currently evaluating the effect that the standard will have on the financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. These amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. ASU 2016-18 will be effective for the Foundation for the year ending March 31, 2020. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted. The Foundation has not evaluated the impact that adoption will have on the statement of cash flows.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier adoption is permitted. The Foundation has not evaluated the impact of this ASU on the financial statements.

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Foundation is currently evaluating the impact of the adoption of the new standard on its financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 for one year making it effective for annual reporting periods beginning after December 15, 2018. The Foundation has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

American Foundation for Suicide Prevention

Notes to Financial Statements

Note 1. Summary of Significant Accounting Principles (Continued)

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Prior-year summarized comparative information: The financial statements include certain prior-year summarized comparative information in total, but not by net asset classification or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements as of and for the year ended June 30, 2017, from which the summarized information was derived.

Subsequent events: The Foundation evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluations are performed through the date the financial statements are available to be issued, which was November 29, 2018 for these financial statements.

Note 2. Cash

The Foundation maintains cash in bank accounts which, at times, may exceed federally insured limits. The Foundation hasn't experienced any losses in such accounts.

Note 3. Investments and Fair Value Measurements

The Fair Value Measurements Topic of the FASB Accounting Standards Codification (ASC) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1: Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2: Observable inputs other than Level 1, including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

Level 3: Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

American Foundation for Suicide Prevention

Notes to Financial Statements

Note 3. Investments and Fair Value Measurements (Continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

For the year ended June 30, 2018, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities are based on quoted market prices, when available, or bid or evaluation market prices provided by recognized broker dealers.

Following is a description of the valuation methodologies used for assets measured at fair value:

Money market funds: Money market funds are priced daily. The funds have relatively low risks compared to mutual funds and pay dividends that generally reflect short-term interest rates.

Mutual funds and equities: Mutual funds and equities listed on a national securities exchange or reported on the Nasdaq global market are stated at the last reported sales or trade price on the day of valuation.

	2018	2017
Investments	\$ 17,491,123	\$ 7,207,802
Restricted investments	1,475,615	1,378,062
Investments - board-designated	2,292,854	2,141,121
	<u>\$ 21,259,592</u>	<u>\$ 10,726,985</u>

American Foundation for Suicide Prevention

Notes to Financial Statements

Note 3. Investments and Fair Value Measurements (Continued)

The Foundation's investments, measured at fair value on a recurring basis, consist of the following as of June 30, 2018 and 2017:

	2018			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market funds	\$ 10,957,215	\$ -	\$ -	\$ 10,957,215
Mutual funds:				
Stock funds:				
Small-cap	1,130,503	-	-	1,130,503
Mid-cap	1,700,554	-	-	1,700,554
Large blend	3,352,340	-	-	3,352,340
Foreign large blend	1,001,687	-	-	1,001,687
Total stock funds	7,185,084	-	-	7,185,084
Bond funds:				
Intermediate government	2,919,573	-	-	2,919,573
Total mutual funds	10,104,657	-	-	10,104,657
Stocks	197,720	-	-	197,720
	\$ 21,259,592	\$ -	\$ -	\$ 21,259,592

	2017			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market funds	\$ 1,477,832	\$ -	\$ -	\$ 1,477,832
Mutual funds:				
Stock funds:				
Small-cap	1,000,090	-	-	1,000,090
Small-growth	142	-	-	142
Mid-cap	1,552,277	-	-	1,552,277
Large blend	2,837,332	-	-	2,837,332
Foreign large blend	942,247	-	-	942,247
Total stock funds	6,332,088	-	-	6,332,088
Bond funds:				
Intermediate government	2,917,065	-	-	2,917,065
Total mutual funds	9,249,153	-	-	9,249,153
	\$ 10,726,985	\$ -	\$ -	\$ 10,726,985

American Foundation for Suicide Prevention

Notes to Financial Statements

Note 3. Investments and Fair Value Measurements (Continued)

Investment income reported in the statement of activities for the years ended June 30, 2018 and 2017 is as follows:

	2018	2017
Interest and dividend income	\$ 277,975	\$ 203,008
Capital gains	-	10,554
Unrealized gains	548,005	684,816
	<u>\$ 825,980</u>	<u>\$ 898,378</u>

Return objective and risk parameters: The Foundation's objective is to earn a respectable, long-term, risk-adjusted total rate of return to support the designated programs. In establishing the investment objectives of the portfolio, the board of directors and the Investment Committee have taken into account the financial needs and circumstances of the Foundation, the time horizon available for investment, the nature of the Foundation's cash flows and liabilities and other factors that affect their risk tolerance. The intermediate government funds are subject to prepayment risk in addition to other bond market risks. The Foundation takes a risk-averse balanced approach that emphasizes a stable and substantial source of current income and some capital appreciation over the long term. The Foundation recognizes that investment results over the long term may lag behind those of the typical balanced portfolio since the typical balanced portfolio tends to be more aggressively invested. Nevertheless, the portfolio is expected to earn long-term returns that compare favorably to appropriate market indexes.

Note 4. Grants Payable

Grants payable include grants awarded in prior years and not paid as of the end of the fiscal year. Grants that are expected to be paid in future years are recorded at the present value of their estimated cash flows, discounted at a risk-adjusted rate. They are scheduled for payment as follows:

	2018	2017
2018	\$ -	\$ 2,630,760
2019	3,846,097	1,850,468
2020	1,675,666	372,605
2021	329,041	-
	<u>5,850,804</u>	<u>4,853,833</u>
Net present value discount at 4%	(156,587)	(140,926)
	<u>\$ 5,694,217</u>	<u>\$ 4,712,907</u>

The Foundation approved approximately \$5,300,000 of new grants in May 2018, which will be recognized in fiscal 2019.

Note 5. Net Assets

Board-designated funds: The Foundation's board of directors designated certain of the Foundation's unrestricted net assets as endowment funds for future projects and operational uses. The board appropriates for expenditure in its annual budget up to 5% of the ending market value of the board designated-funds as of a certain period-end date. Additional transfers may be made to operating cash at the board's discretion. All board-designated funds are separately shown in the accompanying statement of financial position. There were no transfers made for the years ended June 30, 2018 and 2017.

American Foundation for Suicide Prevention

Notes to Financial Statements

Note 5. Net Assets (Continued)

Temporarily restricted net assets: Temporarily restricted net assets consist of donor restricted contributions and investments expendable in accordance with the terms of the original contributions (see Note 1). They are restricted for the following:

	2018	2017
Mental health service in the state of California	\$ 257,500	\$ 257,500
General education or location specific	625,910	820,123
Clinical education	379,332	321,040
Suicide causes research	262,409	223,183
Other research	30,917	29,780
Loss and healing	11,893	19,318
Other	500	500
Total temporarily restricted net assets	<u>\$ 1,568,461</u>	<u>\$ 1,671,444</u>

Total temporarily restricted assets released during fiscal 2018 and 2017 are approximately \$251,000 and \$427,000, respectively, for various specified purposes.

Note 6. Endowments

Permanently restricted net assets: Permanently restricted net assets as of June 30, 2018 and 2017 represent the principal amounts of permanent endowments for research of causes of suicide and clinical education.

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's endowment is invested in its investment pool (Note 3). The Foundation has a policy of appropriating for distribution each year, up to 5% of its endowment fund's average market value as needed as of a certain period-end date. No such appropriation for distribution was made during fiscal 2018 and 2017. Through the combination of its investment strategy (Note 3) and spending policy, the Foundation strives to provide a reasonably consistent payout from endowment to support operations while preserving the purchasing power of the endowment assets.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in unrestricted net assets, if any. In that case, future gains will be used to restore this reduction in unrestricted net assets before any net appreciation increases temporarily restricted assets. There were no deficiencies of this nature at June 30, 2018 and 2017.

American Foundation for Suicide Prevention

Notes to Financial Statements

Note 9. Leases

The Foundation is obligated under various leases for office facilities extending through November 2025. Minimum annual rentals are as follows:

Years ending June 30:		
2019	\$	601,595
2020		624,764
2021		563,217
2022		285,711
2023		163,370
Thereafter		181,731
	\$	<u>2,420,388</u>

Rent expense (excluding rent allocated to events) is recorded on a straight-line basis and was approximately \$631,000 and \$686,000 for the years ended June 30, 2018 and 2017, respectively.

In connection with one of the office leases, the Foundation has provided the landlord with a \$68,107 standby letter of credit in lieu of a security deposit.

Note 10. Special Events

The Foundation sponsors certain special events annually, among which, "Out of Darkness" events are 20-mile walks. The purpose of the "Out of Darkness" walks is to raise funds and increase public awareness of the various causes promoted by the Foundation. The Foundation held two "Out of Darkness" walks during both fiscal year 2018 and 2017. In addition, the Foundation has organized smaller scale "Out of Darkness" community walks and campus walks, which take place in various cities around the country.

The gross revenue and direct expenses of various special events are as follows:

	2018			2017		
	Revenues	Direct Expenses	Net Event Income	Revenues	Direct Expenses	Net Event Income
"Out of Darkness" walks	\$ 24,933,444	\$ (4,929,015)	\$ 20,004,429	\$ 22,670,452	\$ (4,296,081)	\$ 18,374,371
Lifesavers' dinner	471,393	(237,584)	233,809	515,041	(214,557)	300,484
Other fund-raising events	3,392,298	(384,679)	3,007,619	1,952,035	(371,295)	1,580,740
	<u>\$ 28,797,135</u>	<u>\$ (5,551,278)</u>	<u>\$ 23,245,857</u>	<u>\$ 25,137,528</u>	<u>\$ (4,881,933)</u>	<u>\$ 20,255,595</u>