American Foundation for Suicide Prevention and Subsidiary

Consolidated Financial Report
June 30, 2021

Contents

Independent Auditor's Report

Board of Directors
American Foundation for Suicide Prevention

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of the American Foundation for Suicide Prevention and the subsidiary (the Foundation), which comprise the consolidated statement of financial position as of June 30, 2021, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, 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 American Foundation for Suicide Prevention and the subsidiary as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1 to the financial statements, in fiscal 2021, the Foundation adopted new accounting guidance Accounting Standards Update 2018-08, C*larifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, related to resource providers.

RSM US LLP

New York, New York
March 15, 2022

American Foundation for Suicide Prevention and Subsidiary

Consolidated Statement of Financial Position
June 30, 2021

Assets		
Current assets:		
Cash (Note 3)	$	16,956,924
Investments (Note 4)		37,753,843
Unconditional promises to give and other receivables		927,114
Prepaid walk material and inventory		3,928,230
Other prepaid expenses		915,993
Total current assets		60,482,104
Property and equipment:		
Property and equipment, at cost		4,711,330
Less accumulated depreciation		1,381,182
Property and equipment, at cost less depreciation		3,330,148
Other assets:		
Restricted cash (Note 3)		707,576
Restricted investments (Notes 4 and 8)		2,055,220
Investments—board-designated (Notes 4 and 8)		3,187,320
Educational films, net		33,583
Security deposits		29,896
Total other assets		6,013,595
Total assets	$	69,825,847
Liabilities and Net Assets		
Current liabilities:		
Grants payable (Note 6)	$	959,394
Accounts payable and accrued expenses		1,904,263
Refundable advance (Note 13)		2,272,910
Deferred event revenue		2,215,993
Total current liabilities		7,352,560
Noncurrent liabilities and deferred credits:		
Refundable advance (Note 13)		2,000,000
Deferred rent credit (Note 11)		2,716,273
Total liabilities		12,068,833
Commitments (Notes 6, 10 and 11)		
Net assets:		
Net assets without donor restrictions:		
General operating		49,990,434
Board-designated (Notes 7 and 8)		3,187,320
		53,177,754
Net assets with donor restrictions (Notes 7 and 8)		4,579,260
Total net assets		57,757,014
Total liabilities and net assets	$	69,825,847

See notes to consolidated financial statements.

American Foundation for Suicide Prevention and Subsidiary

Consolidated Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Functions (Note 12):			
Revenues	$ 18,763,305	$ -	$ 18,763,305
Direct expenses	(2,338,153)	-	(2,338,153)
Net function income	16,425,152	-	16,425,152
Donations	13,792,063	767,334	14,559,397
Other revenues, net	920,618	84,380	1,004,998
Investment income (Note 4)	8,932,197	451,630	9,383,827
Net assets released from restrictions	445,164	(445,164)	-
Total revenues, gains and other support	40,515,194	858,180	41,373,374
Expenses:			
Program services	24,874,206	-	24,874,206
Management and general	2,068,353	-	2,068,353
Fund-raising	4,005,256	-	4,005,256
Total expenses	30,947,815	-	30,947,815
Change in net assets	9,567,379	858,180	10,425,559
Net assets:			
Beginning—original	36,069,904	3,721,080	39,790,984
Cumulative effect of adoption of ASU 2018-08	7,540,471	-	7,540,471
Beginning—adjusted	43,610,375	3,721,080	47,331,455
Ending	$ 53,177,754	$ 4,579,260	$ 57,757,014

See notes to consolidated financial statements.

American Foundation for Suicide Prevention and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services					Supporting Services		
	Research	Prevention and Education	Loss and Bereavement Programs	Advocacy Programs	Total Program Services	Management and General	Fund-Raising	Total Expenses
Grants	$ 6,233,180	$ -	$ -	$ -	$ 6,233,180	$ -	$ -	$ 6,233,180
Salaries and wages	693,781	4,022,166	2,625,678	1,432,253	8,773,878	919,651	2,142,219	11,835,748
Employee health and retirement benefits	125,398	726,988	474,579	258,873	1,585,838	166,223	387,196	2,139,257
Research, educational and survivor conferences and programs	30,247	1,020,519	536,587	107,477	1,694,830	-	152,589	1,847,419
Out of Darkness programs	-	331,683	398,019	-	729,702	-	366,423	1,096,125
Office	45,186	793,903	382,930	153,768	1,375,787	74,801	180,754	1,631,342
Occupancy	100,061	580,097	378,689	206,567	1,265,414	132,637	308,962	1,707,013
Telecommunications and Internet	3,682	40,168	28,693	24,285	96,828	3,412	14,597	114,837
Equipment rental and maintenance	22,941	134,603	88,091	55,917	301,552	30,282	71,115	402,949
Travel	1,674	41,567	13,721	6,316	63,278	10,447	7,478	81,203
Consultants	184,797	1,434,220	581,631	553,271	2,753,919	141,180	373,923	3,269,022
Professional fees	-	-	-	-	-	164,562	-	164,562
Depreciation	-	-	-	-	-	425,158	-	425,158
Subtotal	7,440,947	9,125,914	5,508,618	2,798,727	24,874,206	2,068,353	4,005,256	30,947,815
Direct expenses of functions	-	-	-	-	-	-	2,338,153	2,338,153
Cost of goods sold—Public Store (netted in other revenues)	-	-	-	-	-	-	75,694	75,694
Total	$ 7,440,947	$ 9,125,914	$ 5,508,618	$ 2,798,727	$ 24,874,206	$ 2,068,353	$ 6,419,103	$ 33,361,662

See notes to consolidated financial statements.

American Foundation for Suicide Prevention and Subsidiary

Consolidated Statement of Cash Flows
Year Ended June 30, 2021

Cash flows from operating activities:	
Change in net assets	$ 10,425,559
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	425,158
Amortization of educational film costs	26,000
Net realized and unrealized gains on investments	(8,681,016)
Deferred rent	(96,986)
Changes in assets and liabilities:	
Unconditional promises to give and other receivables	15,493
Prepaid walk material and other prepaid expenses	1,348,378
Grants payable	188,025
Accounts payable and accrued expenses	191,596
Deferred event revenue	(163,013)
Net cash provided by operating activities	3,679,194
Cash flows from investing activities:	
Purchase of property and equipment	(213,119)
Acquisition of investments	(3,624,403)
Proceeds from sale of investments	2,581,813
Net cash used in investing activities	(1,255,709)
Cash flows from financing activities:	
Proceeds from Paycheck Protection Program	2,000,000
Net cash provided by financing activities	2,000,000
Net increase in cash and restricted cash	4,423,485
Cash and restricted cash:	
Beginning	13,241,015
Ending	$ 17,664,500

See notes to consolidated financial statements.

Note 1. Nature of Activities and Summary of Significant Accounting Principles

Organization: American Foundation for Suicide Prevention (AFSP) 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. Under the Same Sky Foundation (UTSS) is a type I support organization of the Foundation and is controlled by the Foundation. UTSS is dedicated to raising awareness, opening conversations and creating additional funding for areas of need in suicide awareness and survivor support.

Basis of presentation: The consolidated financial statements have been prepared on an accrual basis. The consolidated financial statements include the accounts of American Foundation for Suicide Prevention (including the accounts of the New York National Office and the Foundation's 73 unincorporated chapters) and UTSS. All significant intercompany balances and transactions have been eliminated in consolidation.

Classification and reporting of net assets: The Foundation's consolidated financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on the use that are placed by donors as follows:

Net assets without donor restrictions represent the portion of net assets of the Foundation that are restricted neither by donor-imposed stipulations nor by time restrictions. Net assets without donor restrictions include expendable funds available for support of the Foundation, as well as funds designated for specific purposes by the Foundation's Board of Directors.

Net assets with donor restrictions represent contributions and other inflows of assets that have donor-imposed restriction that require that they be held perpetually, or whose use may or will be met by actions of the Foundation or the passage of time.

Revenue recognition: The Foundation's revenue consists of special event revenue, contributions, grants and investment income. 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 contributions with donor restrictions that increase the net asset with donor restriction class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified to net assets without donor restrictions and reported in the consolidated 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 net assets without donor restrictions.

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 consolidated 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).

Note 1. Nature of Activities and Summary of Significant Accounting Principles (Continued)

The Foundation recognizes revenue, also in accordance with Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers, if the revenue is considered an exchange transaction. ASC Topic 606 provides a five-step model for recognizing revenue as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

The Foundation considers certain special event (such as life saver's dinner) revenue and on-line store sale revenue as exchange transactions. The Foundation's performance obligation for special events is to host the event to its registered attendees. The performance obligation for on-line store sale is to deliver the goods to the customer. Revenue is recognized at a point in time when the event takes place or the goods is shipped. Total public store sales revenue of $137,739, net of cost of goods sold of $75,694, is included in other revenues, net in the accompanying consolidated statement of activities.

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 endowment held in perpetuity. 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 held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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, 2021, all promises to give were expected to be collected within one year. Contributions with associated conditions are recorded as revenue when the conditions are met.

Property and equipment: Property and 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. Leasehold improvements are amortized over the shorter of the useful life or the life of the lease.

Investments: Investments are reported at fair value, as described in Note 4 and unrealized gains and losses are included in the consolidated 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 net assets without donor restriction unless their use restricted by the donor, in which case they would be recognized as with donor restrictions.

Educational films: Educational film production costs are recorded as a separate asset and are amortized over their estimated useful lives. Costs of $130,000 relating to the development of one educational film has been deferred and is amortized over estimated useful life of five years. Amortization expense in fiscal 2021 was $26,000.

Note 1. Nature of Activities and Summary of Significant Accounting Principles (Continued)

Grants payable: Grant expense is recognized in the period the grant is approved and communicated to the grantee, provided that the grant is not subject to future conditions specified by the Foundation. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions.

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, as well as the unamortized balance of tenant improvement allowance received or entitled from the landlord (see Note 11). The tenant improvement allowance is amortized over the lease term as a reduction to rent expense.

Deferred event revenue: Deferred event revenue represents monies received in advance related to future events and will be recognized in the consolidated 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 among the program and general and administrative services benefited. The Foundation uses a percentage of effort for each FTE to allocate fundraising and administrative cost across all program *areas*. These expenses include operating expense from the Chief Executive's office, the communications department, information technology and similar types of expense for organization-wide supporting services.

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 consolidated financial statements.

Recently issued accounting pronouncements: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 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. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which delayed the implementation date, whereby this standard will be effective for annual reporting periods beginning after December 2021. The Foundation is currently evaluating the impact of the adoption of the new standard on its consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. The term nonfinancial asset includes fixed assets, use of fixed assets or utilities, materials and supplies, intangible assets, services and unconditional promises of those assets. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. Management is evaluating the impact of this standard on the Foundation's consolidated financial statements.

Note 1. Nature of Activities and Summary of Significant Accounting Principles (Continued)

Recently adopted accounting pronouncements: In May 2014, the FASB issued ASU 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. There was no impact on the timing of revenue recognition with the adoption of this ASU. Additional disclosures have been added in the revenue recognition section above.

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* which amends the accounting guidance related to evaluating whether transactions should be accounted for as a contribution (reciprocal) or an exchange transaction (nonreciprocal). It also clarifies more the distinction between conditional and unconditional promises and eliminates the “remote” stipulation and clarifies that entities can’t utilize probability assessments when classifying transactions as conditional or unconditional. The new standard is effective for fiscal years beginning after December 15, 2018, for resource recipients, and after December 15, 2019, for resource providers. As a resource recipient, the Foundation adopted a portion of the standard effective July 1, 2019, with no impact to its consolidated financial statements. As a resource provider, the Foundation adopted the remaining guidance effective July 1, 2020 and applied changes on a full retrospective basis, resulting in an increase in opening net assets (see Note 6).

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.

Restricted cash: Restricted cash consists of cash held by the Foundation pursuant to line of credit agreements relating to various office leases. Upon termination of the lease, the funds will be released to unrestricted cash.

Subsequent events: The Foundation evaluates events occurring after the date of the consolidated financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the consolidated financial statements. Such evaluations are performed through the date the consolidated financial statements are available to be issued, which was March 15, 2022, for these consolidated financial statements.

Note 2. Liquidity

As of June 30, 2021, financial assets available within one year for general expenditure; that is, without donor or other restrictions limiting their use are as follows:

Cash and cash equivalents	$ 16,956,924
Unconditional promises to give and other receivables	927,114
Investments	37,753,843
	$ 55,637,881

Note 2. Liquidity (Continued)

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows, which identifies the sources and uses of the Foundation's cash. Although the Foundation does not intend to draw from its investments, amounts are available if necessary. The Foundation has a designated fund set aside by action of the Board of Directors. The operating reserve serves a dynamic role and will be reviewed and adjusted in response to internal and external changes. The current operating reserve policy requires an operating reserve amount equal of 100% (12 months), but not greater than 150% (18 months) of the average of the prior three years' annual operating costs.

Note 3. Cash and Restricted 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.

The table below provides a reconciliation of cash and restricted cash reported on the statement of financial position that sum to the total of those same amounts shown in the consolidated statement of cash flows.

Cash	$ 16,956,924
Restricted cash	707,576
	$ 17,664,500

Note 4. Investments and Fair Value Measurements

The Fair Value Measurements Topic of the FASB 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.

Note 4. 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, 2021, 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.

Investments	$ 37,753,843
Restricted investments	2,055,220
Investments—board-designated	3,187,320
	$ 42,996,383

The Foundation's investments, measured at fair value on a recurring basis, consist of the following as of June 30, 2021:

	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	$ 523,915	$ -	$ -	$ 523,915
Mutual funds:				
Stock funds:				
Large blend	18,300,507	-	-	18,300,507
Foreign large blend	11,870,752	-	-	11,870,752
Total stock funds	30,171,259	-	-	30,171,259
Bond funds:				
Short-term investment grade	1,195,023	-	-	1,195,023
Intermediate-term investment grade	1,238,232	-	-	1,238,232
Total international bonds	3,623,425	-	-	3,623,425
Total bond market	6,142,802	-	-	6,142,802
Total bond funds	12,199,482	-	-	12,199,482
Exchange traded funds and other	101,727	-	-	101,727
	$ 42,996,383	$ -	$ -	$ 42,996,383

Note 4. Investments and Fair Value Measurements (Continued)

Investment income reported in the consolidated statement of activities for the year ended June 30, 2021, is as follows:

Interest and dividend income, net of fee	$	702,811
Realized gain		628,610
Unrealized gain		8,052,406
	$	9,383,827

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 5. Property and Equipment

Property and equipment consists of the following:

Furniture and equipment	$	2,271,329
Leasehold improvements		2,440,001
		4,711,330
Less accumulated depreciation and amortization		(1,381,182)
	$	3,330,148

Depreciation and amortization expense for the year ended June 30, 2021, was $425,158.

Note 6. Grants Payable

The Foundation provides grants to medical researchers. The approved grants are typically paid to the researchers in eight or twelve installments over two to three years. The Foundation adopted ASU 2018-08, effective July 1, 2020, as resource provider, under which, the grant expense is not recognized until the conditions are met. Prior to the adoption, the entire grant amount was recognized as expense and the payable was recorded using the more likely than not concept when assessing conditions. Post the adoption, grants payable are recognized over the terms of the grant as conditions are met. Due to the full retrospective implementation of ASU 2018-08, there was a cumulative impact of $7,540,471 adjusted to opening net assets. Grants payable of $959,394 as of June 30, 2021, will all be paid in the following fiscal year.

The Foundation approved approximately $5,519,600 of grants that started in fiscal year 2021, among which, $1,272,527 was paid during the year, $358,997 recognized as payable and $3,888,076 has not yet recognized as grant expense as of June 30, 2021. The Board of Directors also approved recommended grant to be funded in fiscal year 2022 and future years of approximately $6,443,400. Grants approved prior to fiscal 2021 remaining to be recognized as grant expense was $3,020,357. Additionally, $600,397 of grants approved prior to fiscal 2021 was included in grans payable as of June 30, 2021.

Note 7. Net Assets

Board-designated funds: The Foundation's Board of Directors designated certain of the Foundation's net assets without donor restrictions as endowment funds for future projects and operational uses. The Board of Directors 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 of Director's discretion. All board-designated funds are separately shown in the accompanying consolidated statement of financial position. There were no transfers made for the year ended June 30, 2021.

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

Mental health service in the state of California	$ 257,500
General education or location specific	615,929
Clinical education	726,504
Suicide causes research	494,876
Other research	47,990
Project 2025	1,602,621
Held in perpetuity	833,840
Total net assets with donor restrictions	$ 4,579,260

Total net assets with donor restrictions released during fiscal 2021 were $445,164, for various specified purposes.

Note 8. Endowments

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments.

The Foundation's endowment is invested in its investment pool (see Note 4). 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 2021. Through the combination of its investment strategy (see Note 4) 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 net assets without donor restrictions, if any. In that case, future gains will be used to restore this reduction in net assets without donor restrictions before any net appreciation increases net assets with donor restrictions. There were no deficiencies of this nature at June 30, 2021.

Note 8. Endowments (Continued)

The composition and changes in the Foundation's endowments as of and for the year ended June 30, 2021, are summarized below.

	Without Donor Restrictions	With Donor Restrictions	Held in Perpetuity	Total Endowments
Balance as of June 30, 2021:				
Donor-restricted endowment funds	$ -	$ 1,221,380	$ 833,840	$ 2,055,220
Board-designated endowment funds	3,187,320	-	-	3,187,320
Total endowed funds	$ 3,187,320	$ 1,221,380	$ 833,840	$ 5,242,540

	Without Donor Restrictions	With Donor Restrictions	Held in Perpetuity	Total Endowments
Balance as of June 30, 2020	$ 2,489,510	$ 769,750	$ 833,840	$ 4,093,100
Investment income	697,810	451,630	-	1,149,440
Balance as of June 30, 2021	$ 3,187,320	$ 1,221,380	$ 833,840	$ 5,242,540

Note 9. Contributed Legal Services

The Foundation had received legal services of approximately $54,300 during fiscal year 2021, which have been reflected as a contribution and legal expense in the accompanying consolidated financial statements.

Note 10. Pension Plan

The Foundation sponsors a defined contribution retirement plan covering all employees meeting age and service requirements. Pension plan contributions are based on a percentage of an employee's salary. Pension plan contributions for the year ended June 30, 2021, amounted to $754,809.

Note 11. Leases

The Foundation has a lease for office space that extends through March 2035. The lease provides eight months of free rent as well as tenant improvement allowance, which amounted to $1,875,574 and is included in property and equipment, with a corresponding deferred rent credit. Deferred rent included in the accompanying consolidated statement of financial position as of June 30, 2021, represents the accumulative difference between the straight-line basis of minimum rentals and actual rent paid pursuant to the terms of the leases ($1,074,524) and the unamortized balance of tenant improvement allowance ($1,641,749). The Foundation subleased out one prior existing lease space, which will expire in fiscal 2022.

Minimum annual rentals are as follows:

	Lease Commitment	Sublease Income	Net of Sublease Income
Years ending June 30:			
2022	$ 1,564,651	$ (131,820)	$ 1,432,831
2023	1,442,310	-	1,442,310
2024	1,445,397	-	1,445,397
2025	1,334,206	-	1,334,206
2026	1,401,915	-	1,401,915
Thereafter	12,891,879	-	12,891,879
	$ 20,080,358	$ (131,820)	$ 19,948,538

Note 11. Leases (Continued)

Rent expense (excluding rent allocated to events) is recorded on a straight-line basis and was $1,688,141 for the year ended June 30, 2021.

In connection with the new lease, the Foundation has provided the landlord with a $639,470 standby letter of credit in lieu of a security deposit. There is another standby letter of credit of $68,106 in connection with one old lease.

Note 12. 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 fiscal year 2021. 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. Due to the pandemic, all walks were virtual during fiscal 2021.

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

	Revenues	Direct Expenses	Net Event Income
"Out of Darkness" walks	$ 14,854,466	$ (2,054,001)	$ 12,800,465
Lifesavers’ dinner	423,164	(118,339)	304,825
Other fund-raising events	3,485,675	(165,813)	3,319,862
	$ 18,763,305	$ (2,338,153)	$ 16,425,152

Note 13. Paycheck Protection Program

On April 8, 2020, the Foundation was granted a Paycheck Protection Program (PPP) loan from Chase Bank N.A. in the aggregate amount of $2,272,910 under Division A, Title 1 of Coronavirus, Aid, Relief and Economic Security Act (CARES Act), which was enacted March 27, 2020. Funds from the PPP loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities and interest on other debt obligations incurred during certain period. The CARES act provides that all or a portion of the PPP loan may be forgiven upon request from borrower, if they are used for qualifying expenses as described in the CARES act.

In March 2021, the Foundation received additional funding of $2,000,000 from the bank under the CARES Act. Similar forgiveness terms apply for the second tranche PPP loan. As of June 30, 2021, the total outstanding balance on the PPP loan was $4,272,910.

The two PPP loans have terms of two years and five years, respectively. Subsequent to year-end, the Foundation has received full forgiveness of the first tranche of PPP loan for the amount of $2,272,910. The Foundation intends to apply for forgiveness before the deadline for the second tranche. The loan will be accounted for in accordance with ASC Subtopic 958-605, Not-For-Profit Entities—Revenue Recognition, as a conditional contribution, in-line with FASB guidance for treatment of PPP loans made to nonprofit entities where loan forgiveness is expected. The loan balance is reported as a refundable advance in the consolidated statement of financial position.

Note 14. Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Foundation operates. It is still unknown how long these conditions will last and what the effect will be to the Foundation. As of March 15, 2022, the Foundation has been able to continue its operations by conducting its various walks and events virtually. The full extent to which the pandemic will impact the Foundation will depend upon future developments which are highly uncertain and cannot be predicted. Accordingly, management cannot presently estimate the overall operational and financial impact to the Foundation.