

**JON BON JOVI SOUL FOUNDATION**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**JON BON JOVI SOUL FOUNDATION  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENTS OF ACTIVITIES</b>	<b>4</b>
<b>STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>5</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>6</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>7</b>

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Jon Bon Jovi Soul Foundation  
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of Jon Bon Jovi Soul Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Board of Directors  
Jon Bon Jovi Soul Foundation

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jon Bon Jovi Soul Foundation as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
April 19, 2018

**JON BON JOVI SOUL FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 3,202,195	\$ 3,464,832
Contributions Receivable	17,637	274,432
Other Receivables	83,532	125,298
Prepaid Expenses	19,883	18,185
Intangible Assets, Net	41,633	65,721
Other Assets	4,367	4,367
Total Current Assets	3,369,247	3,952,835
<b>PROPERTY AND EQUIPMENT, NET</b>	91,268	126,059
<b>INVESTMENTS</b>	1,309,485	198,414
Total Assets	\$ 4,770,000	\$ 4,277,308
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 13,894	\$ 42,507
Loan Payable, Current Portion	5,242	5,242
Total Current Liabilities	19,136	47,749
<b>NONCURRENT LIABILITIES</b>		
Loan Payable, Net of Current Portion	11,731	16,973
Total Liabilities	30,867	64,722
<b>NET ASSETS</b>		
Unrestricted	4,739,133	4,202,454
Temporarily Restricted	-	10,132
Total Net Assets	4,739,133	4,212,586
Total Liabilities and Net Assets	\$ 4,770,000	\$ 4,277,308

See accompanying Notes to Financial Statements.

**JON BON JOVI SOUL FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>						
Contributions - Corporate and Individuals	\$ 1,675,344	\$ 254,413	\$ 1,929,757	\$ 711,147	\$ 503,268	\$ 1,214,415
Kitchen Program Income	45,096	292,255	337,351	40,231	255,689	295,920
Investment Income	126,281	-	126,281	28,198	-	28,198
In-Kind Services and Donated Assets	10,026	164,420	174,446	9,452	166,388	175,840
Special Events, Net	4,596	33,565	38,161	1,945,800	25,299	1,971,099
Net Assets Released From Restrictions	754,785	(754,785)	-	960,512	(960,512)	-
<b>Total Support and Revenue</b>	<b>2,616,128</b>	<b>(10,132)</b>	<b>2,605,996</b>	<b>3,695,340</b>	<b>(9,868)</b>	<b>3,685,472</b>
<b>EXPENSES</b>						
Program Services	1,902,270	-	1,902,270	1,319,435	-	1,319,435
Support Services	177,179	-	177,179	201,137	-	201,137
<b>Total Expenses</b>	<b>2,079,449</b>	<b>-</b>	<b>2,079,449</b>	<b>1,520,572</b>	<b>-</b>	<b>1,520,572</b>
<b>CHANGE IN NET ASSETS</b>	536,679	(10,132)	526,547	2,174,768	(9,868)	2,164,900
Net Assets - Beginning of Year	4,202,454	10,132	4,212,586	2,027,686	20,000	2,047,686
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 4,739,133</b>	<b>\$ -</b>	<b>\$ 4,739,133</b>	<b>\$ 4,202,454</b>	<b>\$ 10,132</b>	<b>\$ 4,212,586</b>

See accompanying Notes to Financial Statements.

**JON BON JOVI SOUL FOUNDATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017				2016			
	Program Services	Supporting Services		Total Expenses	Program Services	Supporting Services		Total Expenses
		Administration & General	Fund Raising			Administration & General	Fund Raising	
Salaries and Payroll Taxes	\$ 592,867	\$ 62,233	\$ 68,595	\$ 723,695	\$ 477,453	\$ 53,660	\$ 72,140	\$ 603,253
Fees	-	117	1,946	2,063	-	-	9,495	9,495
Grant Expense	800,620	-	-	800,620	299,264	-	-	299,264
Insurance	2,837	1,810	-	4,647	-	5,677	-	5,677
Kitchen Program	357,726	-	1,693	359,419	382,136	-	865	383,001
Marketing	7,984	1,361	1,785	11,130	24,100	33,589	-	57,689
Memberships	1,281	817	-	2,098	1,700	149	-	1,849
Miscellaneous	564	4,823	2,366	7,753	39	1,285	65	1,389
Occupancy	6,545	4,175	4,552	15,272	5,388	3,304	4,664	13,356
Outreach Program	60,978	-	-	60,978	80,931	-	-	80,931
Professional Fees	2,822	11,828	2,551	17,201	-	10,743	-	10,743
Supplies and Meals	-	1,010	1,976	2,986	316	1,545	3,070	4,931
Travel	6,510	1,252	1,530	9,292	3,053	543	343	3,939
Total	<u>1,840,734</u>	<u>89,426</u>	<u>86,994</u>	<u>2,017,154</u>	<u>1,274,380</u>	<u>110,495</u>	<u>90,642</u>	<u>1,475,517</u>
Depreciation and Amortization	61,536	759	-	62,295	45,055	-	-	45,055
 Total Functional Expenses	 <u>\$ 1,902,270</u>	 <u>\$ 90,185</u>	 <u>\$ 86,994</u>	 <u>\$ 2,079,449</u>	 <u>\$ 1,319,435</u>	 <u>\$ 110,495</u>	 <u>\$ 90,642</u>	 <u>\$ 1,520,572</u>

See accompanying Notes to Financial Statements.

**JON BON JOVI SOUL FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 526,547	\$ 2,164,900
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	62,295	45,055
Net Realized and Unrealized Gain on Investments	(91,632)	(21,275)
(Increase) Decrease in Assets:		
Contributions Receivable	256,795	(198,723)
Other Receivables	41,766	(125,298)
Prepaid Expenses	(1,698)	(5,625)
(Decrease) Increase in Liabilities:		
Accounts Payable	(28,613)	39,122
Grants Payable	-	(525,000)
Net Cash Provided by Operating Activities	765,460	1,373,156
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(3,417)	(151,595)
Purchase of Intangible Asset	-	(41,125)
Purchase of Investments	(2,183,971)	(4,420)
Proceeds from Sale of Investments	1,164,533	33,939
Net Cash Used by Investing Activities	(1,022,855)	(163,201)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Long-Term Debt	-	26,213
Payments for Long-Term Debt	(5,242)	(3,998)
Net Cash Provided (Used) by Investing Activities	(5,242)	22,215
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(262,637)	1,232,170
Cash and Cash Equivalents - Beginning of Year	3,464,832	2,232,662
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 3,202,195	\$ 3,464,832

See accompanying Notes to Financial Statements.



**JON BON JOVI SOUL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The Jon Bon Jovi Soul Foundation (the Foundation), formerly known as Philadelphia Soul Charitable Foundation, was incorporated in 2006 under the Pennsylvania Nonprofit Corporation Law of 1988, as amended, to operate exclusively for charitable purposes within the meaning of IRC Section 501(c)(3). The mission of the Foundation is to provide long lasting solutions and opportunities for families and individuals in economic despair. We work to develop innovative and long-term partnerships to establish programs and provide grants to organizations that work to improve the quality of life for those in need. Our goal is to recognize and maximize human potential by providing food, affordable housing resources, support social services, and job training for low-income individuals and families in cities across the country.

By leveraging the celebrity status of members of the Board of Directors, the Foundation is committed to developing philanthropic leadership and role models through advocacy on the individual, corporate, and community level. Each year, the Foundation looks to support programs through its grant making that aligns with the Foundation’s mission.

In October 2011, the Foundation opened its first JBJ Soul Kitchen in Red Bank, New Jersey, to address local issues of food insecurity. A second JBJ Soul Kitchen opened in May 2016 in Toms River, New Jersey, as part of The B.E.A.T. Center, a unique, collaborative effort with other nonprofits. The B.E.A.T. Center creates a place that enables families to easily access resources they need to help end the cyclical causes of hunger and financial instability. The community kitchens have served over 78,000 nutritious delicious meals since their inception and most recently reached the goal of serving 51% “in-need” diners and 49% paying diners. In-need diners may pay for their meal by volunteering to work in the kitchen and restaurant. Paying diners can affect change by paying more than the suggested minimum donation by “paying it forward”.

The JBJ Soul Kitchens also run the Employment and Empowerment Team (EET) Program which connects a team of volunteer coaches with eligible volunteers. The volunteer coaches use their professional expertise to support participants in the areas of resume writing, interview skills, job coaching, and financial counselling. To date, the program’s participants have received 94 job offers with a 97% job placement success rate.

At the beginning of 2017, the founding Executive Director retired and a new Executive Director stepped into the leadership role of the Foundation.

**JON BON JOVI SOUL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 1                   SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Statement Presentation**

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets and changes in net assets 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 subjected to donor-imposed stipulations that are time or purpose restricted. Management has elected to temporarily restrict donations received through the Soul Kitchen website for specific use in Soul Kitchen operations.

*Permanently Restricted Net Assets* – Net assets subjected to donor-imposed stipulations that the assets be maintained permanently. There were no permanently restricted net assets as of December 31, 2017 and 2016.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Marketing Costs**

Marketing costs are charged to operations when incurred. Marketing costs include website design along with monthly nominal fees for the two Soul Kitchen locations. The marketing costs for the 2017 and 2016 are \$11,130 and \$57,689, respectively.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, the Foundation considers all highly liquid debt instruments with an initial maturity of less than three months to be cash equivalents.

**Contributions Receivable**

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional.

Contributions that are expected to be collected within one year are recorded at their net realizable value. Contributions due after one year are subjected to a discount factor of 3%. All contributions are expected to be collected; therefore, no allowance for doubtful contributions is warranted. At December 31, 2017 and 2016, respectively, all contributions receivable were expected to be collected within the next fiscal year.

**JON BON JOVI SOUL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Receivables**

Other receivables are stated at the amount management expects to collect from the outstanding advance given to The B.E.A.T. Center to support the cash flows of the operations. This amount will be repaid from future pledge receivables. There is no allowance required on other receivables as of December 31, 2017.

**Investments**

Investments in equity securities with readily determinable fair values are carried at quoted market value. The net changes in fair value and the realized gains and losses on investments sold are reflected in the statement of activities as net realized and unrealized gains or losses on investments. Investment transactions are recorded on the trade date.

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is reasonably possible that such changes in the values of investments will occur in the near term and that changes could materially affect the amounts reported in the statement of financial position.

The Foundation invested with UBS Financial Services in the Impact NJ Fund. This mission aligned investment focuses specifically on supporting housing recovery from Hurricane Sandy in New Jersey's most affected communities.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions that are restricted by donor are required to be reported as temporarily restricted support when the unconditional promise to give is received by the Foundation and are then reclassified to unrestricted net assets upon expiration of a time restriction or payment satisfaction by the Foundation.

**Property and Equipment**

Property and equipment is stated at cost or at their estimated fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Vehicle	5 years
Leasehold Improvements	47 months

Additions and betterments of \$1,500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

**JON BON JOVI SOUL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Intangible Assets**

Intangible assets include the trademark and Soul Kitchen website development costs. The assets are carried at cost. Amortization is computed using the straight-line method based on the asset's estimated useful life. The estimated useful lives of the assets are as follows:

Trademark	5 years
Website Development	3 years

**Functional Expenses**

The costs of supporting the programs and other activities have been summarized on a functional basis in the statements of functional expenses and activities. Accordingly, certain costs have been allocated among the classifications benefited: program, administration and general, and fundraising.

**Income Tax Status**

The Foundation is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, does not need a provision for federal income taxes. The Foundation follows the income tax standard for uncertain tax positions. The Foundation believes there are no uncertain tax positions that need to be disclosed in the financial statements.

The Foundation is not aware of any activities that would jeopardize its tax-exempt status.

**Reclassifications**

Certain reclassifications have been made to the December 31, 2016 financial statements in order to present them in conformity with the December 31, 2017 financial statements. The reclassification had no effect on changes in net assets amounts previously reported.

**Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through April 19, 2018, the date the financial statements were available to be issued.

**NOTE 2           CONCENTRATIONS AND RISKS**

**Cash**

The Foundation maintains cash balances at financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to certain limits. At times during the years ended December 31, 2017 and 2016, the balance was in excess of insured amount.

**Revenue and Support**

The Foundation received approximately 70% and 28% of its contributions revenue from three contributors during 2017 and 2016, respectively.

**JON BON JOVI SOUL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 3            FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Foundation measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Foundation may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

*Level 1* – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The Foundation has the ability to access as of the measurement date.

*Level 2* – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

*Level 3* – Inputs that are unobservable. Unobservable inputs reflect the Foundation's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**JON BON JOVI SOUL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

Assets measured at fair value on a recurring basis as of December 31, 2017 are:

	Total	Level 1	Level 2
Equities	\$ 1,050,733	\$ 1,050,733	\$ -
Fixed Income	258,752	-	258,752
Total Investments	<u>\$ 1,309,485</u>	<u>\$ 1,050,733</u>	<u>\$ 258,752</u>

Assets measured at fair value on a recurring basis as of December 31, 2016 are:

	Total	Level 1	Level 2
Equities	\$ 107,317	\$ 107,317	\$ -
Fixed Income	91,097	-	91,097
Total Investments	<u>\$ 198,414</u>	<u>\$ 107,317</u>	<u>\$ 91,097</u>

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31:

	2017	2016
Computer Equipment	\$ 12,935	\$ 9,518
Vehicle	26,213	26,213
Leasehold Improvements	416,147	416,147
Total Property and Equipment	<u>455,295</u>	<u>451,878</u>
Less: Accumulated Depreciation	364,027	325,819
Total Property and Equipment, Net	<u>\$ 91,268</u>	<u>\$ 126,059</u>

Depreciation expense was \$38,208 and \$25,536 for the years ended December 31, 2017 and 2016, respectively.

**NOTE 5 INTANGIBLE ASSETS**

In 2015, the Foundation entered into a memorandum of understanding with two other nonprofit organizations for the formation of The B.E.A.T. Center (the Center). The Center is an association between three entities for a “community hub where families and individuals in need can access food, job training, and other resources that aim to end the cyclical cause of hunger in Ocean County, N.J.” As part of that association, the Foundation entered into a five-year lease agreement with one of the nonprofit organizations for space at the Center to be used for the Foundation’s Soul Kitchen program (See Note 13).

During the start-up process, the Foundation incurred costs associated with the creation, design, and branding of The B.E.A.T. Center’s name. Trademark costs incurred through December 31, 2017 totaled \$51,900.

**JON BON JOVI SOUL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 5 INTANGIBLE ASSETS (CONTINUED)**

In 2016, the Foundation hired a contractor to update and improve the functionality of their existing Soul Kitchen website. Website development costs incurred totaled \$41,125.

Total intangible assets consist of the following at December 31:

	2017	2016
Trademark	\$ 51,900	\$ 51,900
Website Development	41,125	41,125
Total Intangible Assets	93,025	93,025
Less: Accumulated Amortization	51,392	27,304
Total Intangible Assets, Net	\$ 41,633	\$ 65,721

Amortization expense was \$24,087 and \$19,519 for the years ended December 31, 2017 and 2016, respectively.

**NOTE 6 INVESTMENTS**

Investments are comprised of the following:

	2017		2016	
	Cost	Market	Cost	Market
Equities	\$ 955,341	\$ 1,050,733	\$ 101,865	\$ 107,317
Fixed Income	258,687	258,752	92,725	91,097
Total	\$ 1,214,028	\$ 1,309,485	\$ 194,590	\$ 198,414

Investment income consists of the following for the years ended December 31:

	2017	2016
Interest and Dividends	\$ 34,649	\$ 6,923
Net Realized and Unrealized Gain on Investments	91,632	21,275
Total Investment Income	\$ 126,281	\$ 28,198

Dividends and interest income earned on funds restricted by donors, if any, are reported as an increase to temporarily restricted net assets.

**JON BON JOVI SOUL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 7            TEMPORARILY RESTRICTED NET ASSETS**

The temporarily restricted net assets are restricted as to time or use with the expectation that such restrictions will be satisfied in the future. Temporarily restricted net assets as of December 31, 2017 and 2016 consist of the following:

	2017	2016
Toms River Soul Kitchen	\$ -	\$ 9,870
The B.E.A.T. Center	-	262
Total	\$ -	\$ 10,132

**NOTE 8            LOAN PAYABLE**

In 2016, the Foundation obtained an interest free loan to fund the purchase of a new vehicle for the Soul Kitchen's operations, providing for monthly payments of \$437, through March 2021. The outstanding balance on this loan was \$16,973 and \$22,215 as of December 31, 2017 and 2016, respectively.

At December 31, 2017, the future maturities on the loan payable are as follows:

<u>Year Ending December 31.</u>	<u>Amount</u>
2018	\$ 5,243
2019	5,243
2020	5,243
2021	1,244
Total	\$ 16,973

**NOTE 9            SPECIAL EVENTS**

The Foundation hosts several special events during the year to raise visibility and funds to support the mission of the JBJ Soul Kitchens. In 2017, the Red Bank Kitchen hosted its first annual golf outing and the Toms River Kitchen continued its tradition of hosting an annual Chili Cookoff.

As of December 31, 2017 and 2016, the special events revenue (net of special events expense) consists of the following:

	2017	2016
10th Anniversary Event (including In-Kind Income of \$12,400)	\$ -	\$ 2,148,501
Other Special Event Income	62,331	30,594
Total Special Event Revenue	62,331	2,179,095
Less: Special Event Expense (including In-Kind Expense of \$12,400)	24,170	207,996
Total Special Events, Net	\$ 38,161	\$ 1,971,099



**JON BON JOVI SOUL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 10 GRANT EXPENSES**

In 2017 and 2016, the Foundation awarded grants totaling \$800,620 and \$299,264, respectively. The 2017 grants were awarded to Fulfill, Saint Anthony of Padua, People Serving People, Project Home, and Cass Community Social Services to support projects addressing homelessness, affordable housing, and hunger. Additional grants in 2017 were awarded to the Greater Houston Community Foundation, Covenant House, Feeding South Florida, the Miami Foundation, the Hispanic Federation, and the International Community Foundation for relief efforts focused on providing shelter and food. The 2016 grants consisted of grants to The FoodBank of Monmouth and Ocean Counties (FBMOC) to support the work of The B.E.A.T. Center, grants to Share Our Strength, West Chester Food Cupboard, Maternal & Child Health Consortium, and Holy Redeemer Health System to address issues for anti-hunger initiatives and a grant to Elijah's Promise to support their Culinary School program. For December 31, 2017 and 2016, there was no balance for grants payable at year-end.

**NOTE 11 IN-KIND DONATIONS**

The Foundation recognizes donated services that create, or enhance nonfinancial assets, require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The donated services for 2017 and 2016 consisted of office space for the Foundation. During 2017 and 2016, an amount has been reflected in the statements of activities as a contribution for donated services with a like amount included as donated expenses of \$10,026 and \$9,452, respectively.

During 2017 and 2016, the Foundation received donations of food and supplies for both of the kitchen programs. The value of donated food and supplies for the Red Bank Kitchen was \$86,206 and \$107,850, respectively, and for the Toms River Kitchen was \$78,214 and \$58,538 for 2017 and 2016, respectively.

In addition, individuals volunteer their time and perform a variety of tasks that assist the Foundation with their purpose and programs. During 2017, over 5,489 volunteers contributed over 18,026 hours to the two Soul Kitchens. During 2016, over 4,642 volunteers contributed over 15,295 hours to the two Soul Kitchens. The efforts of these volunteers are not valued as they do not meet the criteria for recording as donated services.

**NOTE 12 RELATED PARTY TRANSACTIONS**

JBj Soul Kitchens are nonprofit community restaurants, run by the Jon Bon Jovi Soul Foundation serving paying and in-need customers. The Soul Kitchens are coordinated and monitored by a family member of one of the board members. Supplies and food for the Soul Kitchens are paid for by the Foundation. For the years ended December 31, 2017 and 2016, the total expenses incurred are \$194,238 and \$221,264, respectively.

During 2017 and 2016, the Foundation used limited office space of a board member, in which the rent was recorded as donated services in Note 11.

**JON BON JOVI SOUL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 12 RELATED PARTY TRANSACTIONS (CONTINUED)**

During 2017, the Foundation granted Project HOME two grants of \$250,000 and \$50,000, which totaled \$300,000. A board member of the Foundation is the executive director of Project HOME.

During 2017 and 2016, board members provided donations to the Foundation which totaled \$31,253 and \$124,785, respectively.

**NOTE 13 COMMITMENTS**

On June 23, 2016, the Foundation entered into a three-year lease agreement to house the Red Bank Soul Kitchen. The effective lease period was July 1, 2016 through June 30, 2019.

On April 1, 2015, the Foundation entered into a five-year lease agreement to house The B.E.A.T. Center. The effective lease period is April 1, 2016 through March 31, 2020.

Rent expense was \$57,905 and \$60,261 for the years ended December 31, 2017 and 2016, respectively.

Minimum lease payments by year are scheduled as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 55,700
2019	39,200
2020	5,600
Total	<u>\$ 100,500</u>



Investment advisory services are offered through CliftonLarsonAllen  
Wealth Advisors, LLC, an SEC-registered investment advisor.