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Independent Auditors' Report

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

We have audited the accompanying statements of financial position of the Jason Foundation, Inc. (a nonprofit corporation) as of December 31, 2006 and 2005 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Jason Foundation, Inc. as of December 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Parker, Parker & Associates

March 10, 2007

THE JASON FOUNDATION, INC.
Financial Statements
December 31, 2006 and 2005

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THE JASON FOUNDATION, INC.
Statements of Financial Position
December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Current Assets		
Cash	\$ 843,765	\$ 349,486
Grants Receivable	503,750	5,000
Reimbursements Receivable	22,683	35,773
Prepaid Expenses	4,624	9,140
Total Current Assets	<u>1,374,822</u>	<u>399,399</u>
Fixed Assets		
Land	175,000	-
Furniture and Fixtures	28,978	28,244
Equipment	99,594	94,362
Vehicles	15,544	15,544
Accumulated Depreciation	(87,455)	(78,959)
Total Fixed Assets	<u>231,661</u>	<u>59,191</u>
Other Assets		
Cash - Endowment	<u>1,029</u>	<u>1,029</u>
Total Assets	<u>\$ 1,607,512</u>	<u>\$ 459,619</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 12,931	\$ 15,151
Payroll and Payroll Taxes Payable	5,820	4,282
Total Current Liabilities	<u>18,751</u>	<u>19,433</u>
Net Assets		
Unrestricted		
Board Restricted	200,000	200,000
Undesignated	1,364,795	222,878
Total Unrestricted Net Assets	<u>1,564,795</u>	<u>422,878</u>
Temporarily Restricted	22,937	16,279
Permanently Restricted	1,029	1,029
Total Net Assets	<u>1,588,761</u>	<u>440,186</u>
Total Liabilities and Net Assets	<u>\$ 1,607,512</u>	<u>\$ 459,619</u>

See auditors' report and notes to the financial statements.

THE JASON FOUNDATION, INC.
Statements of Activities
For the Years Ended December 31, 2006 and 2005

	2006				2005			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues								
Contributions	\$ 203,339	\$ 2,900	\$ -	\$ 206,239	\$ 71,954	\$ 79,603	\$ -	\$ 151,557
Grants	1,283,849	11,000	-	1,294,849	77,864	-	-	77,864
Gifts in Kind	11,895,228	-	-	11,895,228	8,013,546	-	-	8,013,546
Special Events	151,762	-	-	151,762	105,345	-	-	105,345
Reimbursements	163,939	-	-	163,939	189,590	-	-	189,590
Interest Income	4,642	-	-	4,642	5,110	-	4	5,114
Miscellaneous	400	-	-	400	60	-	-	60
Total Assets Released from Restrictions	7,242	(7,242)	-	-	320,823	(320,813)	(10)	-
Total Support and Revenues	<u>13,710,401</u>	<u>6,658</u>	<u>-</u>	<u>13,717,059</u>	<u>8,784,292</u>	<u>(241,210)</u>	<u>(6)</u>	<u>8,543,076</u>
Expenses								
Program Expenses								
Total Program Expenses	12,383,183	-	-	12,383,183	8,564,139	-	-	8,564,139
Supporting Services								
Management and General	76,077	-	-	76,077	124,744	-	-	124,744
Fundraising	109,224	-	-	109,224	80,978	-	-	80,978
Total Support Services	<u>185,301</u>	<u>-</u>	<u>-</u>	<u>185,301</u>	<u>205,722</u>	<u>-</u>	<u>-</u>	<u>205,722</u>
Total Expenses	12,568,484	-	-	12,568,484	8,769,861	-	-	8,769,861
Decrease in Net Assets	1,141,917	6,658	-	1,148,575	14,431	(241,210)	(6)	(226,785)
Net Assets - Beginning of Year	422,878	16,279	1,029	440,186	408,447	257,489	1,035	666,971
Net Assets - End of Year	<u>\$ 1,564,795</u>	<u>\$ 22,937</u>	<u>\$ 1,029</u>	<u>\$ 1,588,761</u>	<u>\$ 422,878</u>	<u>\$ 16,279</u>	<u>\$ 1,029</u>	<u>\$ 440,186</u>

See auditors' report and notes to the financial statements.

THE JASON FOUNDATION, INC.
Statements of Cash Flows
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 1,148,575	\$ (226,785)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	17,771	19,228
Donated Assets	(175,700)	-
(Gain) loss on disposal of property	717	-
(Increase) Decrease in Accounts Receivable	(485,660)	30,410
(Increase) Decrease in Prepaid Expenses	4,516	(6,529)
Increase (Decrease) Increase in Accounts Payable	(2,220)	(10,199)
Increase (Decrease) in Payroll and Payroll Taxes Payable	1,538	(8,735)
Total Adjustments	<u>(639,038)</u>	<u>24,175</u>
Net Cash Provided (Used) by Operating Activities	<u>509,537</u>	<u>(202,610)</u>
Cash Flow from Investing Activities		
Cash Payments for the Purchase of Property	<u>(15,258)</u>	<u>(11,537)</u>
Net Cash Used by Investing Activities	<u>(15,258)</u>	<u>(11,537)</u>
Net Increase in Cash	494,279	(214,147)
Cash and Restricted Cash - Beginning of Year	<u>350,515</u>	<u>564,662</u>
Cash and Restricted Cash - End of Year	<u>\$ 844,794</u>	<u>\$ 350,515</u>
Supplemental Cash Flow Disclosures		
Non-cash Disclosures:		
Donated Assets	\$ 175,700	\$ -
Cash Paid for:		
Income Taxes	\$ -	\$ -
Interest Expense	\$ -	\$ -

See auditors' report and notes to the financial statements.

THE JASON FOUNDATION, INC.
 Statements of Functional Expenses
 For the Years Ended December 31, 2006 and 2005

	2006				2005			
	Program Expenses	Supporting Services		Total Expenses	Program Expenses	Supporting Services		Total Expenses
		Management and General	Fundraising Expenses			Management and General	Fundraising Expenses	
Salaries	\$ 348,747	\$ 27,125	\$ 11,625	\$ 387,497	\$ 219,342	\$ 78,336	\$ 15,667	\$ 313,345
Payroll Taxes	27,191	2,115	906	30,212	16,578	5,921	1,184	23,683
Mileage Reimbursement	3,819	3,837	-	7,656	2,204	-	-	2,204
Retirement	8,819	686	294	9,799	4,360	1,557	312	6,229
Employee Benefits	18,700	1,455	623	20,778	-	-	-	-
Advertising	8,834	5,216	-	14,050	2,560	-	-	2,560
Bank Charges	-	68	-	68	-	347	-	347
Board of Directors Expenses	-	1,825	37	1,862	562	2,249	-	2,811
Conference & Seminars	1,553	-	-	1,553	25,370	-	-	25,370
Depreciation	15,994	1,244	533	17,771	17,305	1,923	-	19,228
Dues and Subscriptions	535	42	18	595	184	61	-	245
Insurance	8,492	661	283	9,436	19,785	2,198	-	21,983
Miscellaneous	891	2,950	-	3,841	482	53	-	535
Occupancy	58,568	4,555	1,952	65,075	39,446	13,148	-	52,594
Postage and Shipping	6,108	3,191	-	9,299	3,650	406	-	4,056
Printing and Publications	19,069	2,469	2,325	23,862	25,620	-	-	25,620
Professional Fees	6,403	6,403	-	12,806	15,715	1,746	-	17,461
Promise for Tomorrow	39,888	-	-	39,888	43,591	-	-	43,591
Public Relations	-	3,763	-	3,763	-	3,430	-	3,430
Equipment and Maintenance	-	(34)	-	(34)	-	6,783	-	6,783
Supplies	12,032	506	127	12,665	10,671	1,186	-	11,857
Taxes and Licenses	-	1,907	-	1,907	-	2,452	-	2,452
Telephone and Internet	18,887	795	199	19,881	15,979	1,775	-	17,754
Travel	50,904	4,186	-	55,089	52,859	-	-	52,859
Utilities	5,082	395	170	5,647	3,520	1,173	-	4,693
Loss on Disposal of Assets	-	717	-	717	-	-	-	-
Other Program Expenses	16,889	-	-	16,889	45,988	-	-	45,988
PSI/Ardent In-Kind	10,731,763	-	-	10,731,763	7,024,352	-	-	7,024,352
Other In-Kind	974,016	-	-	974,016	974,016	-	-	974,016
Special Events Expense	-	-	90,132	90,132	-	-	63,815	63,815
Total	\$ 12,383,183	\$ 76,077	\$ 109,224	\$ 12,568,484	\$8,564,139	\$ 124,744	\$ 80,978	\$ 8,769,861

See auditors' report and notes to the financial statements.

THE JASON FOUNDATION, INC.
Notes to Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 1. Summary of Significant Accounting Policies

A. Nature of Activities

The Jason Foundation, Inc. (the "Foundation") is a nonprofit corporation dedicated to providing education and support programs to aid in the prevention of teenage suicide.

B. Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Financial Statement Presentation

The net assets of the Foundation 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 may or will be met, either by actions of the Foundation and/or the passage of time.

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

D. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes cash on hand, demand deposits, certificates of deposits, and investments with initial maturities of three months or less. As of December 31, 2006 and 2005 the Foundation had no investments.

F. Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows unless the value not discounted is immaterial to the financial statements as a whole. Conditional promises to give are not included as support until the conditions are substantially met.

G. Fixed Assets

Fixed assets with a cost of \$1,000 or more and an estimated useful life of greater than one year are carried at cost if purchased or fair market value if donated. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which are all 5 years.

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

THE JASON FOUNDATION, INC.
Notes to Financial Statement - Continued
For the Years Ended December 31, 2006 and 2005

Note 1. Summary of Significant Accounting Policies – Continued

H. Contributions

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

I. Contributed Services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Foundation receives contributed services for the Community Access Resource Line "CARL" Hotlines around the United States. These services have been recorded at their estimated values (Refer to Note 2). The Foundation also has several volunteers whose services do not meet the requirements for recognition in the financial statements and have not been recorded or reflected in the accompanying financial statements.

J. Income Taxes

The Foundation is a nonprofit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

K. Functional Expenses

Expenses are charged directly to program, management and general, or fundraising based on allocations prepared by management.

L. Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2006 and 2005 were \$14,050 and \$2,560.

M. Reclassifications

Certain reclassifications have been made to the 2005 financial statements to conform to 2006 presentation.

Note 2. Affiliations

The Foundation has various affiliation agreements with Psychiatric Solutions Inc., ("PSI") (formerly Ardent Health Services, Inc.), Parthenon Pavilion, Vanderbilt Hospital, Frontier Health and Lakeside Behavioral Health System to donate office space, supplies and employees to staff suicide hotlines at hospital facilities for the benefit of the Foundation. Each of these facilities is considered a satellite office of the Foundation. As such, each office would require cash expenditures by the Foundation if the services were not donated. The Foundation has recognized contributed services and supplies from satellite offices totaling \$11,705,779 and \$8,013,546 in 2006 and 2005.

In addition to the donations above, PSI as part of their affiliation agreement expiring June 30, 2007 donates \$10,000 per month to offset salary expenses and reimburses the Foundation for direct travel and training expenses. As of December 31, 2006 and 2005, PSI owed the Foundation \$22,683 and \$35,773 for unreimbursed expenses.

THE JASON FOUNDATION, INC.
Notes to Financial Statement - Continued
For the Years Ended December 31, 2006 and 2005

Note 3. Promises to Give and Grants Receivable

The Promises to Give, Grants and Accounts Receivable at December 31, 2006 and 2005 (due within one year) are as follows:

	2006	2005
Promises to Give - Various	\$ -	\$ -
Grants Receivable:		
Wal-Mart	500,000	-
United Way	3,750	5,000
Less: Allowance for doubtful accounts	-	-
Total	\$503,750	\$5,000

Note 4. Contributed Assets and Services

Donated assets and services are used in the ongoing operations of the Foundation. The value of donated assets and services included in the financial statements and the corresponding expenditure or asset capitalization for the year ended December 31, 2006 and 2005 are as follows:

Revenues		
	2006	2005
Donated Satellite Offices (Note 2)	\$11,705,779	\$7,998,368
Land and Equipment	175,700	-
Donated Rent	13,749	15,178
Special Events	60,300	35,128
	\$11,955,528	\$8,048,674

Expenses		
	2006	2005
Program Expenses	\$11,705,779	\$7,998,368
Land and Equipment	175,700	-
Occupancy	13,749	15,178
Special Events	60,300	35,128
	\$11,955,528	\$8,048,674

Note 5. Concentrations of Risk

The Foundation has cash deposits in financial institutions in excess of the amount insured by the Federal Depository Insurance Corporation (FDIC) in the amount of \$351,392 and \$16,668 at December 31, 2006 and December 31, 2005, respectively. The Foundation relies on contributions and special events held in the State of Tennessee to fund operations. For the years ended December 31, 2006 and 2005 support from PSI totaled 80% and 85% of total revenue in 2006 and 2005 respectively.

Note 6. Operating Lease

The Foundation rents office space. The lease expires August 31, 2007 with a two year option and has an indexed rate each September 1. The amount of rent paid by the Foundation is reduced by a donation from the landlord. For the years ending December 31, 2006 and 2005, the Foundation paid rent expense of \$50,784 and \$37,416 respectively. Future minimum lease payments are as follows:

For the Year Ended	Minimum Lease Payments
2007	\$ 62,994
	\$ 62,994

THE JASON FOUNDATION, INC.
Notes to Financial Statement - Continued
For the Years Ended December 31, 2006 and 2005

Note 7. Restricted Net Assets

Board Restricted

Board restricted net assets consist of cash held in certificates of deposit with the AmSouth and Volunteer State Bank as directed by the Board of Directors for future operations.

Temporarily Restricted

Temporarily restricted net assets as of December 31, 2006 and 2005 include the following:

	2006	2005
Building Fund	\$ 2,358	\$ -
HCA Grant	4,300	-
National Expansion Restricted to Arkansas	16,279	16,279
Total Temporarily Restricted	\$ 22,937	\$ 16,279

Permanently Restricted

Permanently restricted net assets include contributions to The Jason Foundation Permanent Endowment established during 2001. The endowment, managed by a three-member advisory board, requires all funds to be held in a separate bank account. All income from the endowment funds will be retained until the endowment goal of \$15 million is achieved, at which time the endowment is to make quarterly distributions of 1.25% of principal to the Foundation.

Note 8. Related Party Transactions

On December 19, 2006, a member of the board of directors donated land to the Foundation with a donated value of \$175,000. It is the intent of the board to use the land to construct a building for the Foundation. The Foundation received donations during 2006 which are restricted for future construction.

Note 9. Retirement Plan

The Foundation maintains a SIMPLE retirement plan with a 408(p) salary reduction feature. The plan allows for Foundation contributions up to a 3% match of employee contributions. Total Foundation contributions for 2006 and 2005 were \$9,799 and \$6,229.