

THE JASON FOUNDATION, INC.  
Financial Statements  
December 31, 2007 and 2006

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## Independent Auditor's Report

To the Audit Committee of  
The Jason Foundation, Inc.

We have audited the accompanying statements of financial position of The Jason Foundation, Inc. (a nonprofit organization) as of December 31, 2007 and 2006, and the related statements of activities 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 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 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 audit provides 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 as of December 31, 2007 and 2006, 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*

February 13, 2008

**THE JASON FOUNDATION, INC.**  
**Statements of Financial Position**  
**December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,503,921	\$ 843,765
Grants Receivable	303,499	503,750
Reimbursements Receivable	23,298	22,683
Prepaid Expenses	5,129	4,624
Total Current Assets	<u>1,835,847</u>	<u>1,374,822</u>
<b>Fixed Assets</b>		
Land	175,000	175,000
Furniture and Fixtures	26,695	28,978
Equipment	97,254	99,594
Vehicles	15,544	15,544
Accumulated Depreciation	<u>(97,939)</u>	<u>(87,455)</u>
Total Fixed Assets	<u>216,554</u>	<u>231,661</u>
<b>Other Assets</b>		
Cash - Endowment	1,029	1,029
Total Assets	<u><u>\$ 2,053,430</u></u>	<u><u>\$ 1,607,512</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 6,555	\$ 12,931
Payroll and Payroll Taxes Payable	1,814	5,820
Total Current Liabilities	<u>8,370</u>	<u>18,751</u>
<b>Net Assets</b>		
Unrestricted		
Board Restricted	200,000	200,000
Undesignated	<u>1,288,353</u>	<u>1,359,344</u>
Total Unrestricted Net Assets	<u>1,488,353</u>	<u>1,559,344</u>
Temporarily Restricted	555,678	28,388
Permanently Restricted	1,029	1,029
Total Net Assets	<u>2,045,060</u>	<u>1,588,761</u>
Total Liabilities and Net Assets	<u><u>\$ 2,053,430</u></u>	<u><u>\$ 1,607,512</u></u>

See auditors' report and notes to the financial statements.

**THE JASON FOUNDATION, INC.**  
**Statements of Activities**  
**For the Years Ended December 31, 2007 and 2006**

	2007				2006			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenues</b>								
Contributions	\$ 206,298	\$ 520,225	\$ -	\$ 726,523	\$ 203,339	\$ 2,900	\$ -	\$ 206,239
Grants	108,129	9,000	-	117,129	1,283,849	11,000	-	1,294,849
Gifts in Kind	14,737,548	-	-	14,737,548	11,955,528	-	-	11,955,528
Special Events	117,405	-	-	117,405	91,462	-	-	91,462
Reimbursements	434,679	-	-	434,679	163,939	-	-	163,939
Interest Income	35,375	-	-	35,375	4,642	-	-	4,642
Miscellaneous	286	-	-	286	400	-	-	400
Total Assets Released from Restrictions	1,936	(1,936)	-	-	7,242	(7,242)	-	-
Total Support and Revenues	<u>15,641,654</u>	<u>527,289</u>	<u>-</u>	<u>16,168,944</u>	<u>13,710,401</u>	<u>6,658</u>	<u>-</u>	<u>13,717,059</u>
<b>Functional Expenses</b>								
<b>Program Expenses</b>								
Total Program Expenses	15,515,088	-	-	15,515,088	12,383,183	-	-	12,383,183
<b>Supporting Services</b>								
Management and General	99,584	-	-	99,584	76,077	-	-	76,077
Fundraising	97,973	-	-	97,973	109,224	-	-	109,224
Total Support Services	<u>197,556</u>	<u>-</u>	<u>-</u>	<u>197,556</u>	<u>185,301</u>	<u>-</u>	<u>-</u>	<u>185,301</u>
Total Functional Expenses	15,712,644	-	-	15,712,644	12,568,484	-	-	12,568,484
Increase/ (Decrease) in Net Assets	(70,990)	527,289	-	456,300	1,141,917	6,658	-	1,148,575
Net Assets - Beginning of Year	1,559,344	28,388	1,029	1,588,761	417,427	21,730	1,029	440,186
Net Assets - End of Year	<u>\$ 1,488,353</u>	<u>\$ 555,678</u>	<u>\$ 1,029</u>	<u>\$ 2,045,060</u>	<u>\$ 1,559,344</u>	<u>\$ 28,388</u>	<u>\$ 1,029</u>	<u>\$ 1,588,761</u>

See auditors' report and notes to the financial statements.

**THE JASON FOUNDATION, INC.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>Cash Flows from Operating Activities</b>		
Increase (Decrease) in Net Assets	\$ 456,300	\$1,148,575
Adjustments to Reconcile Net Assets to Cash		
Provided by Operating Activities:		
Depreciation	18,105	17,771
Donated Assets	-	(175,700)
Loss on Disposal of Fixed Assets	768	717
(Increase) Decrease in Grants and Reimbursement Receivables	199,636	(485,660)
(Increase) Decrease in Prepaid Expenses	(505)	4,516
Increase (Decrease) in Accounts Payable	(6,376)	(2,220)
Increase (Decrease) in Payroll and Payroll Taxes Payable	(4,006)	1,538
Total Adjustments	<u>207,623</u>	<u>(639,038)</u>
Net Cash Provided (Used) by Operating Activities	<u>663,923</u>	<u>509,537</u>
 <b>Cash Flows from Investing Activities</b>		
Cash Payments for the Purchase of Property	<u>(3,766)</u>	<u>(15,258)</u>
Net Cash Used by Investing Activities	<u>(3,766)</u>	<u>(15,258)</u>
 <b>Net Increase (Decrease) in Cash</b>	660,157	494,279
 <b>Cash, Cash Equivalents, and Restricted Cash - Beginning of Year</b>	<u>844,793</u>	<u>350,515</u>
 <b>Cash, Cash Equivalents, and Restricted Cash - End of Year</b>	<u><u>\$ 1,504,950</u></u>	<u><u>\$ 844,794</u></u>
 <b>Supplemental Cash Flow Disclosures</b>		
<b>Non-cash Disclosures:</b>		
Donated Assets	\$ -	\$ 175,700
 <b>Cash Paid for:</b>		
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, 2007 and 2006**

	2007				2006			
	Program Expenses	Supporting Services		Total Expenses	Program Expenses	Supporting Services		Total Expenses
		Management and General	Fundraising Expenses			Management and General	Fundraising Expenses	
Salaries	\$ 437,642	\$ 34,039	\$ 14,588	\$ 486,269	\$ 348,747	\$ 27,125	\$ 11,625	\$ 387,497
Payroll Taxes	34,438	2,678	1,148	38,264	27,191	2,115	906	30,212
Mileage Reimbursement	6,933	518	-	7,452	3,819	3,837	-	7,656
Retirement	11,523	896	384	12,803	8,819	686	294	9,799
Employee Benefits	21,969	1,709	732	24,410	18,700	1,455	623	20,778
Advertising	4,721	178	-	4,899	8,834	5,216	-	14,050
Bank Charges	-	1,489	-	1,489	-	68	-	68
Board of Directors Expenses	-	2,509	51	2,560	-	1,825	37	1,862
Conference & Seminars	4,058	-	-	4,058	1,553	-	-	1,553
Depreciation	16,295	1,267	543	18,105	15,994	1,244	533	17,771
Dues and Subscriptions	1,792	139	60	1,992	536	42	18	595
Insurance	9,786	761	326	10,873	8,492	661	283	9,436
Miscellaneous	999	6,238	-	7,237	891	2,950	-	3,841
Occupancy	53,715	5,733	2,457	61,905	58,568	4,555	1,952	65,075
Postage and Shipping	16,900	2,095	-	18,995	6,108	3,191	-	9,299
Printing and Publications	24,457	5,309	-	29,766	19,069	2,469	2,325	23,862
Professional Fees	11,660	11,660	-	23,320	6,403	6,403	-	12,806
Promise for Tomorrow	32,411	-	-	32,411	39,888	-	-	39,888
Public Relations	-	6,183	-	6,183	-	3,763	-	3,763
Equipment and Maintenance	-	7,980	-	7,980	-	(34)	-	(34)
Supplies	15,089	635	159	15,884	12,032	506	127	12,665
Taxes and Licenses	-	3,027	-	3,027	-	1,907	-	1,907
Telephone and Internet	17,319	729	182	18,231	18,887	795	199	19,881
Travel	45,419	564	-	45,983	50,904	4,186	-	55,089
Utilities	4,866	378	162	5,407	5,082	395	170	5,647
Loss on Disposal of Assets	-	768	-	768	-	717	-	717
Other Program Expenses	53,246	-	-	53,246	16,889	-	-	16,889
PSI In-Kind	14,667,750	-	-	14,667,750	10,731,763	-	-	10,731,763
Other In-Kind	22,100	2,100	-	24,200	974,016	-	-	974,016
Special Events Expense	-	-	77,180	77,180	-	-	90,132	90,132
<b>Total</b>	<b>\$ 15,515,088</b>	<b>\$ 99,584</b>	<b>\$ 97,973</b>	<b>\$ 15,712,644</b>	<b>\$ 12,383,183</b>	<b>\$ 76,077</b>	<b>\$ 109,224</b>	<b>\$ 12,568,484</b>

See auditors' report and notes to the financial statements.

**THE JASON FOUNDATION, INC.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2007 and 2006**

**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**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, 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.

**C. Net Assets Presentation**

The net assets of the Foundation and changes therein are classified and reported as follows.

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

Temporarily Restricted - 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, and certificates of deposits with maturities of three months or less. As of December 31, 2007 and 2006 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 \$1,500 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 using the straight-line method over the estimated useful lives of the assets, excluding land, 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, 2007 and 2006**

**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" Resource Lines 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, 2007 and 2006 were \$4,899 and \$14,050.

**M. Reclassifications**

Certain reclassifications have been made to the 2006 financial statements to conform to 2007 presentation.

**Note 2. Affiliations**

The Foundation has various affiliation agreements with Psychiatric Solutions Inc., ("PSI"), Parthenon Pavilion, Vanderbilt Hospital, and Frontier Health to donate office space, supplies and employees to staff suicide prevention resource lines 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 \$14,691,950 and \$11,705,779 in 2007 and 2006.

In addition to the donations above, PSI as part of their affiliation agreement expiring June 30, 2008 donates \$10,000 per month to offset salary expenses and reimburses the Foundation for direct travel and training expenses. This agreement renews yearly unless written notice is given by either party within 30 days of its expiration. There is a As of December 31, 2007 and 2006, PSI owed the Foundation \$23,298 and \$22,683 for unreimbursed expenses.

During the current fiscal year, The Jason Foundation charged PSI a fee of \$5,000 annually per facility. This is received in monthly installments. The Foundation received \$286,440 during 2007.



**THE JASON FOUNDATION, INC.**  
**Notes to Financial Statement - Continued**  
**For the Years Ended December 31, 2007 and 2006**

**Note 3. Promises to Give and Grants Receivable**

The Promises to Give and Grants at December 31, 2007 and 2006 (due within one year) are as follows:

	<u>2007</u>	<u>2006</u>
Promises to Give - Various	\$ -	\$ -
Grants Receivable:		
Wal-Mart	250,000	500,000
HCA Foundation	50,000	-
United Way	3,499	3,750
Less: Allowance for doubtful accounts	-	-
<b>Total</b>	<b><u>\$303,499</u></b>	<b><u>\$503,750</u></b>

**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, 2007 and 2006 are as follows:

<u>Revenues</u>		
	<u>2007</u>	<u>2006</u>
Donated Satellite Offices (Note 2)	\$14,667,750	\$11,705,779
Land and Equipment	-	175,700
Donated Services	24,200	-
Donated Rent	-	13,749
Special Events	45,598	60,300
	<b><u>\$14,737,548</u></b>	<b><u>\$11,955,528</u></b>
<u>Expenses</u>		
	<u>2007</u>	<u>2006</u>
Program Expenses	\$14,667,750	\$11,705,779
Land and Equipment	-	175,700
Donated Services	24,200	-
Occupancy	-	13,749
Special Events	45,598	60,300
	<b><u>\$14,737,548</u></b>	<b><u>\$11,955,528</u></b>

**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 \$987,116 and \$351,392 at December 31, 2007 and 2006, respectively. The Foundation relies on contributions and special events held to fund operations. For the years ended December 31, 2007 and 2006 support and in-kind donations from PSI totaled 93% and 80% of total revenue in 2007 and 2006.

**Note 6. Operating Lease**

The Foundation rents office space under a lease that expires August 31, 2008 with a two year option and has an indexed rate each September 1. For the years ending December 31, 2007 and 2006, the Foundation paid rent expense of \$61,705 and \$50,784 respectively.

**THE JASON FOUNDATION, INC.**  
**Notes to Financial Statement - Continued**  
**For the Years Ended December 31, 2007 and 2006**

**Note 6. Operating Lease – Continued**  
 Future minimum lease payments are as follows:

For the Year Ended	Minimum Lease Payments
2008	\$ 41,683
	<u>\$ 41,683</u>

**Note 7. Restricted Net Assets**  
Board Restricted

Board restricted net assets consist of cash held in certificates of deposit with Volunteer State Bank as directed by the Board of Directors for future operations. Interest earned on these funds has no restriction on its use.

Temporarily Restricted

Temporarily restricted net assets as of December 31, 2007 and 2006 include the following:

	2007	2006
Building Fund	\$ 522,159	\$ 2,358
HCA Grant	4,300	4,300
The Community Foundation	3,926	-
Bank Atlantic Foundation Restricted to South Florida	1,500	-
Exchange Club Charities	2,063	-
National Expansion Restricted to New Mexico	5,451	5,451
National Expansion Restricted to Arkansas	16,279	16,279
Total Temporarily Restricted	\$ 555,678	\$ 28,388

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 valued at \$175,000 to the Foundation. It is the intent of the board to use the land to construct a building for the Foundation.

**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 2007 and 2006 were \$12,803 and \$9,799.