

THE JASON FOUNDATION, INC.
Financial Statements
December 31, 2011

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Independent Auditors' 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 corporation) as of December 31, 2011 and 2010, 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 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 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, 2011 and 2010, 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 17, 2012

THE JASON FOUNDATION, INC.
Statements of Financial Position
December 31, 2011 and 2010

| | 2011 | 2010 |
|-----------------------------------|--------------|--------------|
| Assets | | |
| Current Assets | | |
| Cash | \$ 1,161,225 | \$ 917,489 |
| Reimbursements Receivable | 67,599 | 63,489 |
| Other Accounts Receivable | - | 3,925 |
| Prepaid Expenses | 6,337 | 6,345 |
| Total Current Assets | 1,235,161 | 991,248 |
| Fixed Assets | | |
| Land | 175,000 | 175,000 |
| Building | 1,217,436 | 1,217,436 |
| Improvements | 3,100 | 3,100 |
| Furniture and Fixtures | 25,788 | 25,788 |
| Equipment | 108,053 | 106,053 |
| Vehicles | 15,544 | 15,544 |
| Accumulated Depreciation | (226,140) | (176,288) |
| Total Fixed Assets | 1,318,781 | 1,366,633 |
| Other Assets | | |
| Deposit | 3,000 | - |
| Total Other Assets | 3,000 | - |
| Total Assets | \$ 2,556,942 | \$ 2,357,882 |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts Payable | \$ 21,742 | \$ 8,803 |
| Payroll and Payroll Taxes Payable | 8,769 | 6,783 |
| Total Current Liabilities | 30,511 | 15,586 |
| Total Liabilities | 30,511 | 15,586 |
| Net Assets | | |
| Unrestricted | | |
| Board Restricted | 200,000 | 200,000 |
| Undesignated | 2,318,571 | 2,140,620 |
| Total Unrestricted Net Assets | 2,518,571 | 2,340,620 |
| Temporarily Restricted | 7,860 | 1,676 |
| Total Net Assets | 2,526,431 | 2,342,296 |
| Total Liabilities and Net Assets | \$ 2,556,942 | \$ 2,357,882 |

See notes to the financial statements.

THE JASON FOUNDATION, INC.
Statements of Activities
For the Years Ended December 31, 2011 and 2010

| | 2011 | | | 2010 | | |
|---|---------------------|-----------------|---------------------|---------------------|-----------------|---------------------|
| | Unrestricted | Temporarily | | Unrestricted | Temporarily | |
| | | Restricted | Total | | Restricted | Total |
| Support and Revenues | | | | | | |
| Contributions | \$ 381,674 | \$ 53,000 | \$ 434,674 | \$ 227,330 | \$ 19,929 | \$ 247,259 |
| Grants | 90,063 | - | 90,063 | 229,896 | - | 229,896 |
| Gifts in Kind | 17,745,307 | - | 17,745,307 | 17,728,036 | - | 17,728,036 |
| Special Events | 101,189 | - | 101,189 | 135,878 | - | 135,878 |
| Reimbursements | 578,498 | - | 578,498 | 564,261 | - | 564,261 |
| Interest Income | 5,000 | - | 5,000 | 8,165 | - | 8,165 |
| Miscellaneous | 860 | - | 860 | 6 | - | 6 |
| | 46,816 | (46,816) | - | 25,038 | (25,038) | - |
| Total Assets Released from Restrictions | 18,949,407 | 6,184 | 18,955,591 | 18,918,610 | (5,109) | 18,913,501 |
| Functional Expenses | | | | | | |
| Program Expenses | | | | | | |
| Total Program Expenses | 18,580,594 | - | 18,580,594 | 18,630,367 | - | 18,630,367 |
| Supporting Services | | | | | | |
| Management and General | 92,213 | - | 92,213 | 117,178 | - | 117,178 |
| Fundraising | 98,647 | - | 98,647 | 83,365 | - | 83,365 |
| Total Support Services | 190,860 | - | 190,860 | 200,542 | - | 200,542 |
| Total Functional Expenses | 18,771,454 | - | 18,771,454 | 18,830,910 | - | 18,830,910 |
| Increase (Decrease) in Net Assets | 177,953 | 6,184 | 184,137 | 87,700 | (5,109) | 82,591 |
| Net Assets - Beginning of Year | 2,340,620 | 1,676 | 2,342,296 | 2,252,922 | 6,785 | 2,259,707 |
| Net Assets - End of Year | <u>\$ 2,518,571</u> | <u>\$ 7,860</u> | <u>\$ 2,526,431</u> | <u>\$ 2,340,620</u> | <u>\$ 1,676</u> | <u>\$ 2,342,296</u> |

See notes to the financial statements.

THE JASON FOUNDATION, INC.
Statements of Functional Expenses
For the Years Ended December 31, 2011 and 2010

| | 2011 | | | 2010 | | | | |
|-------------------------------|----------------------|--|--|----------------------|----------------------|--|--|----------------------|
| | Program Expenses | Supporting Services Management and General | Supporting Services Fundraising Expenses | Total Expenses | Program Expenses | Supporting Services Management and General | Supporting Services Fundraising Expenses | Total Expenses |
| Salaries | \$ 494,025 | \$ 38,424 | \$ 16,468 | \$ 548,917 | \$ 525,157 | \$ 40,846 | \$ 17,505 | \$ 583,508 |
| Payroll Taxes | 39,665 | 3,085 | 1,322 | 44,072 | 43,477 | 3,382 | 1,449 | 48,308 |
| Mileage Reimbursement | 6,226 | - | - | 6,226 | 6,013 | - | - | 6,013 |
| Retirement | 12,019 | 935 | 401 | 13,355 | 13,315 | 1,036 | 444 | 14,795 |
| Employee Benefits | 15,582 | 1,212 | 519 | 17,312 | 44,821 | 3,486 | 1,494 | 49,801 |
| Advertising | 616 | 1,750 | - | 2,366 | 1,903 | 310 | - | 2,213 |
| Bank Charges | - | 1,836 | - | 1,836 | - | 2,065 | - | 2,065 |
| Board of Directors Expenses | - | 3,869 | 79 | 3,948 | - | 559 | 11 | 570 |
| Conference & Seminars | 4,980 | - | - | 4,980 | 4,409 | - | - | 4,409 |
| Depreciation and Amortization | 44,867 | 3,490 | 1,495 | 49,852 | 49,484 | 3,849 | 1,649 | 54,982 |
| Dues and Subscriptions | 1,821 | 142 | 61 | 2,023 | 657 | 51 | 22 | 730 |
| Educational Programs | 108,468 | - | - | 108,468 | 93,226 | - | - | 93,226 |
| Insurance | 13,046 | 1,015 | 435 | 14,496 | 8,060 | 627 | 269 | 8,956 |
| Interest | - | - | - | - | - | 6,163 | - | 6,163 |
| Miscellaneous | 4,078 | 1,968 | - | 6,046 | 1,233 | 1,300 | - | 2,533 |
| Postage and Shipping | 12,675 | 3,491 | - | 16,166 | 12,298 | 3,431 | - | 15,729 |
| Printing and Publications | 11,693 | 4,240 | - | 15,933 | 17,353 | 3,911 | 2,628 | 23,892 |
| Professional Fees | 17,731 | - | - | 17,731 | 21,079 | 21,079 | - | 42,158 |
| Public Relations | - | 2,238 | - | 2,238 | - | 4,088 | - | 4,088 |
| Equipment and Maintenance | 68 | 17,990 | - | 18,058 | - | 14,490 | - | 14,490 |
| Supplies | 17,307 | 729 | 182 | 18,218 | 16,250 | 684 | 171 | 17,105 |
| Taxes and Licenses | - | 3,895 | - | 3,895 | - | 3,946 | - | 3,946 |
| Telephone and Internet | 17,930 | 755 | 189 | 18,874 | 20,320 | 856 | 214 | 21,390 |
| Travel | 44,844 | 380 | - | 45,224 | 37,957 | 215 | - | 38,172 |
| Utilities | 9,929 | 772 | 331 | 11,032 | 10,331 | 804 | 344 | 11,479 |
| Satellite Office In-Kind | 17,703,024 | - | - | 17,703,024 | 17,703,024 | - | - | 17,703,024 |
| Special Events Expense | - | - | 34,881 | 34,881 | - | - | 32,153 | 32,153 |
| Special Events In-Kind | - | - | 42,283 | 42,283 | - | - | 25,012 | 25,012 |
| Total | \$ 18,580,594 | \$ 92,213 | \$ 98,647 | \$ 18,771,454 | \$ 18,630,367 | \$ 117,178 | \$ 83,365 | \$ 18,830,910 |

See notes to the financial statements.

THE JASON FOUNDATION, INC.
Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010

| | 2011 | 2010 |
|--|--------------|-------------|
| Cash Flows from Operating Activities | | |
| Increase (Decrease) in Net Assets | \$ 184,137 | \$ 82,591 |
| Adjustments to Reconcile Increase (Decrease) in Net Assets to Cash Provided by Operating Activities: | | |
| Depreciation and Amortization | 49,852 | 54,982 |
| (Increase) Decrease in Receivables | (185) | 7,750 |
| (Increase) Decrease in Prepaid Expenses | 8 | (1,149) |
| Increase (Decrease) in Accounts Payable | 12,939 | (2,567) |
| Increase (Decrease) in Payroll and Payroll Taxes Payable | 1,986 | (1,817) |
| Total Adjustments | 64,600 | 57,199 |
| Net Cash Provided by Operating Activities | 248,736 | 139,791 |
| Cash Flows from Investing Activities | | |
| Cash Payments for the Purchase of Fixed Assets | (2,000) | - |
| Cash Payments - Deposit for the Purchase of Real Estate | (3,000) | - |
| Net Cash Used in Investing Activities | (5,000) | - |
| Cash Flows from Financing Activities | | |
| Repayment of Long-term Debt | - | (221,372) |
| Net Cash Used in by Financing Activities | - | (221,372) |
| Net Increase (Decrease) in Cash | 243,736 | (81,581) |
| Cash - Beginning of Year | 917,489 | 999,073 |
| Cash - End of Year | \$ 1,161,225 | \$ 917,489 |
| Supplemental Cash Flow Disclosures | | |
| Cash Paid for: | | |
| Interest Expense | \$ - | \$ 6,163 |

See notes to the financial statements.

THE JASON FOUNDATION, INC.
Notes to Financial Statements
December 31, 2011

Note 1. Summary of Significant Accounting Policies

A. Nature of Activities

The Jason Foundation, Inc. (the "Foundation") is a nonprofit corporation dedicated to the prevention of the "Silent Epidemic" of youth suicide through educational and awareness programs to equip young people, educators/youth workers, and parents with the tools and resources to help identify and assist at-risk youth.

B. Basis of Accounting

Financial statement presentation follows the recommendations reported in accordance with the FASB Accounting Standards Codification for *Presentation of Financial Statements, Not-For-Profit Entities*. 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. The Foundation has no cash equivalents.

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. The allowance for doubtful accounts is reserved by management based on historical trends and current information. As of December 31, 2011 and 2010, no allowance has been recorded.

G. Accrued Compensated Absences

Employees at the Foundation earn paid time off (PTO) each month according to their number of years of service. Individuals are allowed to carryover five days of PTO into a sick bank. Upon leaving the Foundation, vacation time accrued during the current year will be paid. Also, up to 10 days of sick bank time will be paid if the individual is retiring after the age of 62 or has 25 years of service with the Foundation. The Foundation does not consider the liability for accrued compensated absences to be material and, therefore has not recognized a liability at December 31, 2011 and 2010.

THE JASON FOUNDATION, INC.
Notes to Financial Statement - Continued
December 31, 2011

Note 1. Summary of Significant Accounting Policies – Continued

H. Fair Value Measurements

The fair value of financial assets and liabilities is measured according to the *Fair Value Measurements and Disclosures* topic of the FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques.

Level 1 – Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2 – Fair value is determined using quoted market prices in active markets for similar assets and liabilities.

Level 3 – Fair value is determined using unobservable market prices in a market that is typically inactive.

I. 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 5 to 30 years. Depreciation expense for the years ended December 31, 2011 and 2010 was \$49,852 and \$53,462.

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.

J. 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.

K. 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 Lines "CARL" around the United States. These services have been recorded at their estimated fair value (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.

L. Income Taxes

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

M. Functional Expenses

The costs of providing the various programs have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

N. Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2011 and 2010 were \$2,366 and \$2,213.

THE JASON FOUNDATION, INC.
Notes to Financial Statement - Continued
December 31, 2011

Note 1. Summary of Significant Accounting Policies – Continued

O. Printing and Production Costs of Program Materials

Printing and production costs of program materials are expensed as incurred. Total printing and production costs for the years ended December 31, 2011 and 2010 were \$74,985 and \$74,414 and are included in the Statement of Functional Expenses in Educational Programs and Printing and Publications.

P. Reclassifications

Certain reclassifications have been made to the 2010 financial statements to conform to 2011 presentation.

Note 2. Affiliations

The Foundation has an affiliation agreement with Universal Health Services (“UHS”) which expires June 30, 2012. This agreement renews annually unless written notice is given by either party within 30 days of its expiration. Under this agreement, UHS donates 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 of \$17,703,024 in 2011 and 2010.

In addition to the donations above, UHS donates \$10,000 per month to offset salary expenses and \$5,000 annually per facility to offset administrative costs. UHS also reimburses the Foundation for direct travel, training expenses, and program materials. As of December 31, 2011 and 2010, UHS owed the Foundation \$61,107 and \$61,866 for unreimbursed expenses. The Foundation received \$408,240 and \$440,580 during 2011 and 2010.

Note 3. 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, 2011 and 2010 are as follows:

| Revenues | | |
|------------------------------------|----------------------|----------------------|
| | 2011 | 2010 |
| Donated Satellite Offices (Note 2) | \$ 17,703,024 | \$ 17,703,024 |
| Special Events | 42,283 | 25,012 |
| | \$ 17,745,307 | \$ 17,728,036 |
| Expenses | | |
| | 2011 | 2010 |
| Program Expenses | \$ 17,703,024 | \$ 17,703,024 |
| Special Events | 42,283 | 25,012 |
| | \$ 17,745,307 | \$ 17,728,036 |

Note 4. Concentrations of Risk

The Foundation relies on contributions and special events to fund operations. For the years ended December 31, 2011 and 2010, support and in-kind donations from UHS (Note 2) totaled 96% and 96% of total revenue.

Note 5. Restricted Net Assets

Board Restricted

Board restricted net assets consist of cash held in certificates of deposit as directed by the Board of Directors for future operations. Interest earned on these funds is not restricted.

THE JASON FOUNDATION, INC.
Notes to Financial Statement - Continued
December 31, 2011

Note 5. Restricted Net Assets - Continued

Temporarily Restricted

Temporarily restricted net assets as of December 31, 2011 and 2010 include the following:

| | 2011 | 2010 |
|------------------------------|-------------|-------------|
| National Guard | \$ 7,860 | \$ - |
| Beau's Classroom | - | 1,676 |
| Total Temporarily Restricted | \$ 7,860 | \$ 1,676 |

Note 6. 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 2011 and 2010 were \$13,354 and \$14,795.

Note 7. Real Estate Contract

Prior to December 31, 2011, the Foundation extended an offer to purchase land from a limited liability company partially owned by a board member. Earnest money of \$3,000 was paid with this offer. On January 10, 2012, the offer was accepted. As of the date the financial statements were available to be issued, the Foundation still has not closed on the land purchase.

Note 8. Deferred Compensation

The Foundation has deferred compensation agreements with four members of management. The separate agreements provide for the individuals to earn additional compensation over a period of time to be paid if and when certain conditions are met. As of December 31, 2011, no conditions under these agreements have been met, and no liability has been recognized by the Foundation.

Note 9. Subsequent Events

The Foundation has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2011 through February 17, 2012, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.