

THE JASON FOUNDATION, INC.
Financial Statements
December 31, 2009

Contents

	<u>Page</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 11

Parker, Parker & Associates, PLC

Certified Public Accountants

1000 NORTHCHASE DRIVE - SUITE 260
GOODLETTSVILLE, TN 37072

STEVEN B. PARKER, CPA
CHARLES N. PARKER, CPA
KAREN R. STEPHENS, CPA
CATHY D. FISHER, CPA
LAUREN S. ALLEN, CPA
CARRIE E. DAWSON, CPA
CHRISTOPHER E. JERNIGAN, CPA

TELEPHONE: 615-859-8800
FAX: 615-859-6188
WWW.PARKERCPA.NET

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 organization) as of December 31, 2009 and 2008, 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 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 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, 2009 and 2008, 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, 2010

THE JASON FOUNDATION, INC.
Statements of Financial Position
December 31, 2009 and 2008

	2009	2008
Assets		
Current Assets		
Cash	\$ 999,073	\$ 1,845,727
Grants Receivable	32,000	43,031
Reimbursements Receivable	39,239	43,320
Other Accounts Receivable	3,925	-
Prepaid Expenses	5,196	4,980
Total Current Assets	1,079,433	1,937,058
Fixed Assets		
Land	175,000	175,000
Building	1,217,436	-
Furniture and Fixtures	25,788	26,695
Equipment	113,249	96,675
Vehicles	15,544	15,544
Construction in Progress	-	340,962
Accumulated Depreciation	(126,922)	(109,314)
Total Fixed Assets	1,420,095	545,562
Other Assets		
Closing Costs, Net	1,520	-
Cash - Endowment	-	1,029
Total Other Assets	1,520	1,029
Total Assets	\$ 2,501,048	\$ 2,483,649
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 11,370	\$ 7,433
Payroll and Payroll Taxes Payable	8,600	2,511
Construction Payable	-	150,990
Current Portion of Note Payable	20,000	-
Total Current Liabilities	39,970	160,934
Long-Term Liabilities		
Note Payable	201,372	-
Total Liabilities	241,342	160,934
Net Assets		
Unrestricted		
Board Restricted	200,000	200,000
Undesignated	1,825,213	1,415,161
Total Unrestricted Net Assets	2,025,213	1,615,161
Temporarily Restricted		
Temporarily Restricted	234,493	706,525
Permanently Restricted		
Permanently Restricted	-	1,029
Total Net Assets	2,259,706	2,322,715
Total Liabilities and Net Assets	\$ 2,501,048	\$ 2,483,649

See notes to the financial statements.

THE JASON FOUNDATION, INC.
Statements of Activities
For the Years Ended December 31, 2009 and 2008

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues								
Contributions	\$ 210,793	\$ 26,149	\$ -	\$ 236,942	\$ 151,339	\$ 162,123	\$ -	\$ 313,462
Grants	184,195	10,000	-	194,195	64,967	361,500	-	426,467
Gifts in Kind	18,402,985	-	-	18,402,985	16,274,194	-	-	16,274,194
Special Events	4,013	120,415	-	124,428	3,551	109,518	-	113,069
Reimbursements	547,473	-	-	547,473	537,220	-	-	537,220
Interest Income	13,512	1,755	-	15,267	27,843	19,641	-	47,284
Miscellaneous	800	-	-	800	57	-	-	57
Total Assets Released from Restrictions	631,380	(630,351)	(1,029)	-	501,936	(501,936)	-	-
Total Support and Revenues	19,995,151	(472,032)	(1,029)	19,522,090	17,560,907	150,846	-	17,711,753
Functional Expenses								
Program Expenses								
Total Program Expenses	19,336,728	-	-	19,336,728	17,199,522	-	-	17,199,522
Supporting Services								
Management and General	133,362	-	-	133,362	104,327	-	-	104,327
Fundraising	115,009	-	-	115,009	130,248	-	-	130,248
Total Support Services	248,371	-	-	248,371	234,575	-	-	234,575
Total Functional Expenses	19,585,099	-	-	19,585,099	17,434,097	-	-	17,434,097
Increase/ (Decrease) in Net Assets	410,052	(472,032)	(1,029)	(63,009)	126,810	150,846	-	277,656
Net Assets - Beginning of Year	1,615,161	706,525	1,029	2,322,715	1,488,353	555,678	1,029	2,045,060
Net Assets - End of Year	\$ 2,025,213	\$ 234,493	\$ -	\$ 2,259,706	\$ 1,615,161	\$ 706,525	\$ 1,029	\$ 2,322,715

See notes to the financial statements.

THE JASON FOUNDATION, INC.
Statements of Functional Expenses
For the Years Ended December 31, 2009 and 2008

2009

2008

	Supporting Services			Total Expenses	Supporting Services			Total Expenses
	Program Expenses	Management and General	Fundraising Expenses		Program Expenses	Management and General	Fundraising Expenses	
Salaries	\$ 549,090	\$ 42,707	\$ 18,303	\$ 610,100	\$ 502,567	\$ 39,089	\$ 16,752	\$ 558,408
Payroll Taxes	45,815	3,563	1,527	50,905	40,186	3,126	1,340	44,651
Mileage Reimbursement	6,119	-	-	6,119	6,017	1,152	-	7,169
Retirement	16,023	1,246	534	17,803	14,118	1,098	471	15,687
Employee Benefits	33,635	2,616	1,121	37,372	32,900	2,559	1,097	36,556
Advertising	13,649	-	-	13,649	815	212	-	1,027
Bank Charges	-	2,474	-	2,474	-	1,874	-	1,874
Board of Directors Expenses	-	1,067	22	1,089	-	1,864	38	1,902
Conference & Seminars	3,036	-	-	3,036	4,716	-	-	4,716
Depreciation and Amortization	24,585	1,912	820	27,317	15,298	1,190	510	16,998
Dues and Subscriptions	558	43	19	620	981	76	33	1,090
Educational Programs	121,325	-	-	121,325	158,321	-	-	158,321
Insurance	15,562	1,210	519	17,291	10,703	832	357	11,892
Interest	-	4,548	-	4,548	-	-	-	-
Miscellaneous	3,695	1,429	-	5,124	694	9,346	-	10,040
Moving	-	3,709	-	3,709	-	-	-	-
Occupancy	23,447	1,824	782	26,053	56,273	4,377	1,876	62,525
Postage and Shipping	11,755	2,822	-	14,577	11,258	2,496	-	13,754
Printing and Publications	16,357	3,948	-	20,305	16,590	2,506	-	19,096
Professional Fees	11,896	11,896	-	23,792	15,452	15,452	-	30,903
Public Relations	-	3,417	-	3,417	-	2,132	-	2,132
Equipment and Maintenance	-	29,601	-	29,601	-	7,490	-	7,490
Supplies	17,351	731	183	18,265	12,994	547	137	13,678
Taxes and Licenses	-	10,096	-	10,096	-	3,329	-	3,329
Telephone and Internet	20,570	866	217	21,653	20,679	871	218	21,767
Travel	34,949	973	-	35,922	71,122	702	-	71,824
Utilities	8,426	655	281	9,362	5,747	447	192	6,385
Loss on Disposal of Assets	-	9	-	9	-	1,561	-	1,561
PSI In-Kind	18,358,885	-	-	18,358,885	16,202,092	-	-	16,202,092
Special Events Expense	-	-	46,581	46,581	-	-	35,128	35,128
Special Events In-Kind	-	-	44,100	44,100	-	-	72,102	72,102
Total	\$ 19,336,728	\$ 133,362	\$ 115,009	\$ 19,585,099	\$ 17,199,522	\$ 104,327	\$ 130,248	\$ 17,434,097

See notes to the financial statements.

THE JASON FOUNDATION, INC.
Statements of Cash Flows
For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ (63,009)	\$ 277,656
Adjustments to Reconcile Net Assets to Cash Provided by Operating Activities:		
Depreciation and Amortization	27,317	16,998
Loss on Disposal of Fixed Assets	9	1,561
Decrease in Grants and Reimbursement Receivables	11,187	240,446
(Increase) Decrease in Prepaid Expenses	(216)	149
Increase in Accounts Payable	3,938	877
Increase in Payroll and Payroll Taxes Payable	6,089	697
Increase (Decrease) in Construction Payable	<u>(150,990)</u>	<u>150,990</u>
Total Adjustments	<u>(102,666)</u>	<u>411,717</u>
Net Cash Provided by (Used in) Operating Activities	<u>(165,675)</u>	<u>689,373</u>
Cash Flows from Investing Activities		
Cash Payments for the Purchase of Fixed Assets	(25,353)	(6,605)
Payments Related to the Construction of Building	<u>(876,474)</u>	<u>(340,962)</u>
Net Cash Used in Investing Activities	<u>(901,827)</u>	<u>(347,567)</u>
Cash Flows from Financing Activities		
Proceeds of Borrowings for Building	290,000	-
Repayment of Long-term Debt	(68,629)	-
Payment of Debt Issue Costs	<u>(1,552)</u>	<u>-</u>
Net Cash Provided by Financing Activities	<u>219,819</u>	<u>-</u>
Net Increase (Decrease) in Cash	(847,683)	341,806
Cash - Beginning of Year	<u>1,846,756</u>	<u>1,504,950</u>
Cash - End of Year	<u>\$ 999,073</u>	<u>\$ 1,846,756</u>
Supplemental Cash Flow Disclosures		
Non-cash Disclosures:		
Donated Assets	\$ -	\$ -
Cash Paid for:		
Income Taxes	\$ -	\$ -
Interest Expense	\$ 8	\$ -

See notes to the financial statements.

THE JASON FOUNDATION, INC.
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

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 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, 2009 and 2008, no allowance has been recorded.

G. Accrued Compensated Absences

Employees at the Foundation earn PTO each month according to their number of years of service. Individuals are allowed to carryover five days of paid time off 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, 2009 and 2008, respectively.

THE JASON FOUNDATION, INC.
Notes to Financial Statement - Continued
For the Years Ended December 31, 2009 and 2008

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, 2009 and 2008 was \$27,285 and \$16,998.

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 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.

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

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

N. Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2009 and 2008 were \$10,301 and \$1,027.

THE JASON FOUNDATION, INC.
Notes to Financial Statement - Continued
For the Years Ended December 31, 2009 and 2008

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, 2009 and 2008 were \$89,891 and \$135,764 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 2008 financial statements to conform to 2009 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 \$18,358,885 and \$16,202,092 in 2009 and 2008.

In addition to the donations above, PSI as part of their affiliation agreement expiring June 30, 2009 donates \$10,000 per month to offset salary expenses and reimburses the Foundation for direct travel, training expenses, and program materials. This agreement renews yearly unless written notice is given by either party within 30 days of its expiration. As of December 31, 2009 and 2008, PSI owed the Foundation \$39,239 and \$43,320 for unreimbursed expenses. In addition to the affiliation agreement, PSI pays the Foundation \$5,000 annually per facility to offset some administrative costs. The Foundation received \$396,900 and \$359,100 during 2009 and 2008.

Note 3. Grants Receivable

Grants receivable at December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Grants Receivable in Less than One Year:		
United Way	\$ 2,000	\$ 3,031
Bridgestone Firestone Trust Fund	10,000	10,000
Total Grants Receivable in Less than One Year	<u>\$12,000</u>	<u>\$13,031</u>
Grants Receivable in One to Five Years:		
Bridgestone Firestone Trust Fund	20,000	30,000
Total Grants Receivable	<u>32,000</u>	<u>43,031</u>
Less Allowance for Uncollectibles	-	-
Less Discounts to Net Present Value	-	-
Net Grants Receivable	<u>\$32,000</u>	<u>\$43,031</u>

This balance will be received as follows:

For the	
Year	Amount
Ended	Received
2010	12,000
2011	10,000
2012	10,000
	<u>\$32,000</u>

THE JASON FOUNDATION, INC.
Notes to Financial Statement - Continued
For the Years Ended December 31, 2009 and 2008

Note 3. Grants Receivable – Continued

The change in the allowance for uncollectible receivables is included in bad debt expense on the Statements of Functional Expenses. The change in the discount for the time value of money is included in individual and foundation contributions on the Statements of Activities.

Note 4. Fair Value Measurements – Grants Receivable

The following assets carried at fair value are reviewed and adjusted on a recurring basis:

<u>Asset</u>	<u>Fair Value December 31, 2009</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Grants Receivable, Net	\$ 32,000	\$ -	\$ 32,000

The fair value of grants receivable is estimated as the present value of expected future cash flows. As required by the *Fair Value Measurements and Disclosures* topic of the FASB Accounting Standards Codification, a reconciliation of the beginning to ending balance of contributions receivable follows:

Grants Receivable, Net - January 1, 2009	\$ 43,031
Increases:	
New Grants	
Decreases:	
Payments on Grants	(11,031)
Grants Receivable, Net - December 31, 2009	<u>\$ 32,000</u>

Note 5. 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, 2009 and 2008 are as follows:

<u>Revenues</u>		
	<u>2009</u>	<u>2008</u>
Donated Satellite Offices (Note 2)	\$18,358,885	\$16,202,092
Special Events	44,100	72,102
	<u>\$18,402,985</u>	<u>\$16,274,194</u>
<u>Expenses</u>		
	<u>2009</u>	<u>2008</u>
Program Expenses	\$18,358,885	\$16,202,092
Special Events	44,100	72,102
	<u>\$18,402,985</u>	<u>\$16,274,194</u>

THE JASON FOUNDATION, INC.
Notes to Financial Statement - Continued
For the Years Ended December 31, 2009 and 2008

Note 6. 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 \$0 and \$113,580 at December 31, 2009 and 2008, respectively. The Foundation relies on contributions and special events held to fund operations. For the years ended December 31, 2009 and 2008, support and in-kind donations from PSI totaled 97% and 95% of total revenue.

Note 7. Operating Lease

The Foundation rented office space under a lease that expired May 31, 2009. For the years ending December 31, 2009 and 2008, the Foundation paid rent expense of \$26,052 and \$62,525 respectively.

Note 8. 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.

Temporarily Restricted

Temporarily restricted net assets as of December 31, 2009 and 2008 include the following:

	2009	2008
Building Fund	\$ -	\$ 437,350
The Community Foundation	3,926	3,926
Exchange Club Charities	1,370	1,613
National Expansion Restricted to New Mexico	4,204	4,204
National Expansion Restricted to Arkansas	5,932	5,932
National Expansion Restricted to Alabama	500	500
National Expansion Restricted to Georgia	50,000	50,000
State of Tennessee for Teacher In-Service	97,287	103,000
State of Tennessee for Youth Service	71,274	100,000
Total Temporarily Restricted	\$ 234,493	\$ 706,525

Permanently Restricted

Permanently restricted net assets included contributions to The Jason Foundation Permanent Endowment established during 2001. The endowment was terminated in 2009, and the funds were released from restrictions.

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 2009 and 2008 were \$17,804 and \$15,687.

Note 10. Line of Credit

The Foundation had a \$400,000 revolving line of credit due May 31, 2009. During the year ended December 31, 2009, the revolving line of credit was refinanced into a note payable.

THE JASON FOUNDATION, INC.
Notes to Financial Statement - Continued
For the Years Ended December 31, 2009 and 2008

Note 11. Long-Term Debt

Long-term debt consists of the following:

	2009
Promissory Note with First Tennessee Bank, bearing interest at 4.5% per annum, payments of \$20,000 due monthly with final balloon payment on August 23, 2021	\$ 221,372
Less Current Portion	20,000
Total Long-Term Debt	\$ 201,372

Maturities of long-term obligations at December 31, 2009 are as follows:

Year Ending	Amount
2010	20,000
2011	20,000
2012	20,000
2013	20,000
2014	20,000
Thereafter	121,372
	\$ 221,372

During the year ended December 31, 2009, the Foundation capitalized \$1,552 of closing costs.

Note 12. Subsequent Events

The Foundation has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2009 through February 17, 2010, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.