

THE JASON FOUNDATION, INC.
Financial Statements
December 31, 2012

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Independent Auditors' Report

To the Audit Committee
of The Jason Foundation, Inc.

We have audited the accompanying financial statements of The Jason Foundation, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2012 and 2011, 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 audits 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.

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, 2012 and 2011, 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.

Parker, Parker & Associates

Goodlettsville, Tennessee
February 15, 2013

THE JASON FOUNDATION, INC.
Statements of Financial Position
December 31, 2012 and 2011

Assets	<u>2012</u>	<u>2011</u>
Current Assets		
Cash	\$ 1,777,625	\$ 1,161,225
Reimbursements Receivable	58,613	67,599
Prepaid Expenses	6,878	6,337
Total Current Assets	<u>1,843,116</u>	<u>1,235,161</u>
Fixed Assets		
Land	285,411	175,000
Building	1,217,436	1,217,436
Improvements	3,100	3,100
Furniture and Fixtures	25,788	25,788
Equipment	108,054	108,053
Vehicles	15,544	15,544
Accumulated Depreciation	(273,713)	(226,140)
Total Fixed Assets	<u>1,381,620</u>	<u>1,318,781</u>
Other Assets		
Deposit	-	3,000
Total Other Assets	<u>-</u>	<u>3,000</u>
Total Assets	<u><u>\$ 3,224,736</u></u>	<u><u>\$ 2,556,942</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 6,936	\$ 21,742
Payroll and Payroll Taxes Payable	2,519	8,769
Total Current Liabilities	<u>9,455</u>	<u>30,511</u>
Total Liabilities	<u>9,455</u>	<u>30,511</u>
Net Assets		
Unrestricted		
Board Restricted	200,000	200,000
Undesignated	3,015,281	2,318,571
Total Unrestricted Net Assets	<u>3,215,281</u>	<u>2,518,571</u>
Temporarily Restricted	-	7,860
Total Net Assets	<u>3,215,281</u>	<u>2,526,431</u>
Total Liabilities and Net Assets	<u><u>\$ 3,224,736</u></u>	<u><u>\$ 2,556,942</u></u>

See notes to the financial statements.

THE JASON FOUNDATION, INC.
Statements of Activities
For the Years Ended December 31, 2012 and 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenues						
Contributions	\$ 334,806	\$ -	\$ 334,806	\$ 381,574	\$ 53,000	\$ 434,574
Grants	640,662	-	640,662	90,063	-	90,063
Gifts in Kind	18,386,378	-	18,386,378	17,745,307	-	17,745,307
Special Events	172,399	-	172,399	101,189	-	101,189
Reimbursements	626,364	-	626,364	578,498	-	578,498
Interest Income	3,240	-	3,240	5,000	-	5,000
Miscellaneous	26	-	26	860	-	860
Total Assets Released from Restrictions	7,860	(7,860)	-	46,816	(46,816)	-
Total Support and Revenues	20,171,735	(7,860)	20,163,875	18,949,407	6,184	18,955,591
Functional Expenses						
Program Expenses						
Total Program Expenses	19,224,971	-	19,224,971	18,580,594	-	18,580,594
Supporting Services						
Management and General	84,866	-	84,866	92,213	-	92,213
Fundraising	165,188	-	165,188	98,647	-	98,647
Total Support Services	250,054	-	250,054	190,860	-	190,860
Total Functional Expenses	19,475,025	-	19,475,025	18,771,453	-	18,771,453
Increase (Decrease) in Net Assets	696,710	(7,860)	688,850	177,954	6,184	184,138
Net Assets - Beginning of Year	2,518,571	7,860	2,526,431	2,340,620	1,676	2,342,296
Net Assets - End of Year	<u>\$ 3,215,281</u>	<u>\$ -</u>	<u>\$ 3,215,281</u>	<u>\$ 2,518,571</u>	<u>\$ 7,860</u>	<u>\$ 2,526,431</u>

See notes to the financial statements.

THE JASON FOUNDATION, INC.
Statements of Functional Expenses
For the Years Ended December 31, 2012 and 2011

	2012				2011			
	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	\$ 517,718	\$ 40,267	\$ 17,257	\$ 575,242	\$ 494,025	\$ 38,424	\$ 16,468	\$ 548,917
Payroll Taxes	41,552	3,232	1,385	46,169	39,665	3,085	1,322	44,072
Mileage Reimbursement	4,836	-	-	4,836	6,226	-	-	6,226
Retirement	13,838	1,076	461	15,376	12,019	935	401	13,355
Employee Benefits	15,199	1,182	507	16,888	15,582	1,212	519	17,312
Advertising	170	-	-	170	616	1,750	-	2,366
Bank Charges	-	2,302	-	2,302	-	1,836	-	1,836
Board of Directors Expenses	-	3,795	77	3,872	-	3,869	79	3,948
Conference & Seminars	5,765	-	-	5,765	4,980	-	-	4,980
Depreciation and Amortization	42,816	3,330	1,427	47,573	44,867	3,490	1,496	49,852
Dues and Subscriptions	2,399	187	80	2,665	1,821	142	61	2,023
Educational Programs	119,664	-	-	119,664	108,468	-	-	108,468
Insurance	12,821	997	427	14,246	13,046	1,015	435	14,496
Interest	-	1,435	-	1,435	-	-	-	-
Internet	14,404	-	-	14,404	-	-	-	-
Miscellaneous	2,715	833	-	3,548	4,078	1,968	-	6,046
Postage and Shipping	21,423	2,531	-	23,954	12,675	3,491	-	16,166
Printing and Publications	125	3,868	-	3,993	11,693	4,240	-	15,933
Professional Fees	9,935	-	-	9,935	17,731	-	-	17,731
Public Relations	-	1,623	-	1,623	-	2,238	-	2,238
Equipment and Maintenance	-	9,083	-	9,083	68	17,990	-	18,058
Supplies	21,975	925	231	23,132	17,307	729	182	18,218
Taxes and Licenses	-	6,088	-	6,088	-	3,895	-	3,895
Technical and Support Services	5,276	-	-	5,276	-	-	-	-
Telephone and Internet	13,367	563	141	14,071	17,930	755	189	18,874
Travel	63,479	757	-	64,236	44,844	380	-	45,224
Utilities	10,184	792	339	11,315	9,929	772	331	11,032
Donated UHS Services and Facilities	17,867,106	-	-	17,867,106	17,703,024	-	-	17,703,024
Other Donated Services	418,204	-	-	418,204	-	-	-	-
Special Events Expense	-	-	41,786	41,786	-	-	-	-
Special Events In-Kind	-	-	101,068	101,068	-	-	-	-
Total	\$ 19,224,971	\$ 84,866	\$ 165,188	\$ 19,475,025	\$ 18,580,594	\$ 92,213	\$ 98,647	\$ 18,771,453

See notes to the financial statements.

THE JASON FOUNDATION, INC.
Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 688,850	\$ 184,138
Adjustments to Reconcile Increase (Decrease) in Net Assets to Cash Provided by Operating Activities:		
Depreciation and Amortization	47,573	49,852
(Increase) Decrease in Receivables	8,986	(185)
(Increase) Decrease in Prepaid Expenses	(542)	8
Increase (Decrease) in Accounts Payable	(14,806)	12,939
Increase (Decrease) in Payroll and Payroll Taxes Payable	(6,250)	1,986
Total Adjustments	34,961	64,600
Net Cash Provided by Operating Activities	723,811	248,738
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		
Principal Repayments on Line of Credit	(107,411)	-
Net Cash Used in by Financing Activities	(107,411)	-
Net Increase (Decrease) in Cash	616,400	243,738
Cash - Beginning of Year	1,161,225	917,489
Cash - End of Year	<u>\$ 1,777,625</u>	<u>\$ 1,161,225</u>
Supplemental Cash Flow Disclosures		
Cash Paid for:		
Interest Expense	\$ 1,435	\$ -
Schedule of Noncash Investing and Financing Transactions:		
Line of Credit borrowing for purchase of Real Property	\$ 107,411	\$ -

See notes to the financial statements.

THE JASON FOUNDATION, INC.
Notes to Financial Statements
December 31, 2012

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, 2012 and 2011, 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 30 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, 2012 and 2011.

THE JASON FOUNDATION, INC.
Notes to Financial Statement - Continued
December 31, 2012

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, 2012 and 2011 was \$47,573 and \$49,852.

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 staffing of suicide prevention resource lines and satellite offices. These services have been recorded at their estimated fair value. 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, 2012 and 2011 were \$170 and \$2,366.

THE JASON FOUNDATION, INC.
Notes to Financial Statement - Continued
December 31, 2012

Note 1. Summary of Significant Accounting Policies – Continued

O. Printing and Production Costs of Program Materials

Program materials are developed, modified, and produced as needed. Printing and production costs of program materials are expensed as incurred. Costs related to program materials costs for the years ended December 31, 2012 and 2011 were \$73,959 and \$74,985.

P. Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to 2012 presentation.

Note 2. Affiliations

The Foundation has an affiliation agreement with Universal Health Services ("UHS") which expires June 30, 2013. 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 \$17,867,106 and \$17,703,024 in 2012 and 2011.

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, 2012 and 2011, UHS owed the Foundation \$58,613 and \$67,599 for unreimbursed expenses. Total UHS payments received by the Foundation were \$430,500 and \$408,240 during 2012 and 2011.

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, 2012 and 2011 are as follows:

Revenues		
	2012	2011
Gifts In-Kind	\$ 18,285,310	\$ 17,703,024
Special Events	101,068	42,283
	<u>\$ 18,386,378</u>	<u>\$ 17,745,307</u>
Expenses		
	2012	2011
Donated UHS Services & Facilities	\$ 17,867,106	\$ 17,703,024
Other Donated Services	418,204	-
Special Events	101,068	42,283
	<u>\$ 18,386,378</u>	<u>\$ 17,745,307</u>

Note 4. Concentrations of Risk

The Foundation relies on contributions and special events to fund operations. For the years ended December 31, 2012 and 2011, support and in-kind donations from UHS (Note 2) totaled 91% and 96% of total revenue.

The Foundation has cash deposits in financial institutions in excess of the amount insured by the Federal Depositary Insurance Corporation (FDIC) in the amount of \$113,241 and \$0 at December 31, 2012 and 2011.

THE JASON FOUNDATION, INC.
Notes to Financial Statement - Continued
December 31, 2012

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.

Temporarily Restricted

Temporarily restricted net assets as of December 31, 2012 and 2011 include the following:

	<u>2012</u>	<u>2011</u>
National Guard	\$ -	\$ 7,860
Total Temporarily Restricted	<u>\$ -</u>	<u>\$ 7,860</u>

Note 6. Line of Credit

The Foundation has available an unsecured letter of credit in the amount of \$200,000 maturing January 12, 2014. As of December 31, 2012, there was no outstanding balance. Interest is payable monthly at a rate of .5% above index. The interest rate at December 31, 2012 was 4.25%.

Note 7. 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 2012 and 2011 were \$15,376 and \$13,354.

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, 2012, no conditions under these agreements have been met, and no liability has been recognized by the Foundation.

Note 9. Related Parties

During the year ended December 31, 2012, the Foundation purchased land from a limited liability company partially owned by a board member. Total purchase price per the executed contract was \$110,411.

Note 10. Subsequent Events

The Foundation has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2012 through February 15, 2013, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.