

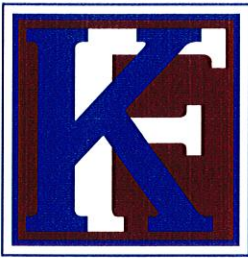
TRAVIS MANION FOUNDATION

FINANCIAL STATEMENTS

December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Travis Manion Foundation

We have audited the accompanying financial statements of Travis Manion Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to 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.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

Audit Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Travis Manion Foundation as of December 31, 2012, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Kowalski & Franchois

Doylestown, PA
February 15, 2013

TRAVIS MANION FOUNDATION
STATEMENT OF FINANCIAL POSITION
December 31, 2012 and 2011

ASSETS

	December 31,	
	2012	2011
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,071,192	\$ 566,028
Contributions receivable, net	14,055	4,973
Loans receivable	15	204
Inventory	26,437	5,892
Prepaid expenses	11,115	1,682
Total Current Assets	\$ 1,122,814	\$ 578,779
PROPERTY AND EQUIPMENT		
Furniture and equipment, net	10,061	4,575
OTHER ASSETS	5,639	4,659
<u>TOTAL ASSETS</u>	\$ 1,138,514	\$ 588,013

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 57,702	\$ 20,108
Accrued expenses	37,828	21,012
Total Current Liabilities	\$ 95,530	\$ 41,120
NET ASSETS		
Unrestricted Net Assets	\$ 1,017,090	\$ 510,893
Temporarily Restricted Net Assets	25,894	36,000
Total Net Assets	\$ 1,042,984	\$ 546,893
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 1,138,514	\$ 588,013

See auditor's report and summary of significant accounting policies and notes to financial statements.

TRAVIS MANION FOUNDATION

STATEMENT OF ACTIVITIES

For the Years Ended December 31, 2012 and 2011

	Unrestricted	Temporarily Restricted	Total December 31, 2012	Total December 31, 2011
REVENUES AND OTHER SUPPORT				
Contributions	\$ 1,979,892	\$ 25,459	\$ 2,005,351	\$ 1,150,590
In-kind contributions	4,097,209	-	4,097,209	1,140,254
Program services revenue	271,944	435	272,379	280,039
Investment income	8,575	-	8,575	5,366
Other income	18,344	-	18,344	15,144
Total Revenues and Other Support	\$ 6,375,964	\$ 25,894	\$ 6,401,858	\$ 2,591,393
Net Assets Released From Restrictions	\$ 36,000	\$ (36,000)	\$ -	\$ -
EXPENSES				
Program services	\$ 5,654,157	-	\$ 5,654,157	\$ 2,014,231
Supporting services:				
Management and general	150,519	-	150,519	75,363
Fundraising	101,091	-	101,091	67,015
Total Expenses	\$ 5,905,767	-	\$ 5,905,767	\$ 2,156,609
CHANGE IN NET ASSETS	\$ 506,197	\$ (10,106)	496,091	434,784
NET ASSETS AT BEGINNING OF YEAR	510,893	36,000	546,893	112,109
NET ASSETS AT END OF YEAR	\$ 1,017,090	\$ 25,894	1,042,984	546,893

See auditor's report and summary of significant accounting policies and notes to financial statements.

TRAVIS MANION FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2012

	Charitable		Veteran and		Total	Supporting Services		Total
	Investments and Community Activation	Character and Leadership Development	Survivor	Support		Program Services	Management and General	
EXPENSE	\$	\$	\$	\$	\$	\$	\$	\$
Salaries	156,357	111,982	134,430		402,769	71,520	35,885	510,174
Grants	141,442	22,150	130,504		294,096	-	-	294,096
Supplies	164,796	18,141	23,880		206,817	10,077	22,799	239,693
Professional Fees	88,285	50,029	18,180		156,494	11,754	500	168,748
Travel	39,762	21,401	36,369		97,532	3,829	7,765	109,126
Advertising	54,132	16,439	13,007		83,578	1,194	2,445	87,217
Meeting and events	16,726	41,641	24,523		82,890	274	584	83,748
Consulting and outside services	19,102	13,377	14,138		46,617	15,587	16	62,220
Occupancy	22,439	9,415	16,836		48,690	10,032	-	58,722
Payroll tax and benefits	14,763	11,589	11,697		38,049	7,070	3,368	48,487
Event registration fees	14,760	-	-		14,760	-	11,580	26,340
Other business expenses	12,389	1,790	4,591		18,770	2,504	4,370	25,644
Insurance	18,402	1,399	1,758		21,559	1,399	-	22,958
Equipment and services	13,834	995	1,280		16,109	979	2,000	19,088
Postage and shipping	9,307	1,012	1,547		11,866	2,093	1,736	15,695
Printing	9,316	788	585		10,689	881	2,967	14,537
Telephone	2,574	2,574	3,332		8,480	2,894	-	11,374
Licenses and permits	8,754	-	-		8,754	-	-	8,754
Depreciation	675	421	421		1,517	421	-	1,938
Total Cash Expenses	\$ 807,815	\$ 325,143	\$ 437,078		\$ 1,570,036	\$ 142,508	\$ 96,015	\$ 1,808,559
IN KIND EXPENSES	3,919,927	116,800	47,394		4,084,121	8,011	5,076	4,097,208
TOTAL EXPENSES	\$ 4,727,742	\$ 441,943	\$ 484,472		\$ 5,654,157	\$ 150,519	\$ 101,091	\$ 5,905,767

See auditor's report and summary of significant accounting policies and notes to financial statements.

TRAVIS MANION FOUNDATION

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2012 and 2011

	Year Ended December 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 492,090	\$ 434,784
Changes in operating assets and liabilities:		
Decrease in deferred revenue	-	-
Contributions receivable	(5,082)	(4,973)
Notes receivable	189	(204)
Inventory	(20,545)	(5,892)
Prepaid expenses	(9,433)	(1,164)
Depreciation and amortization	1,939	1,059
Accounts payable and accrued expenses	54,411	35,656
Net Provided by Operating Activities	<u>\$ 513,569</u>	<u>\$ 459,266</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture, equipment and computers	\$ (8,405)	\$ (3,195)
Trademark expenses	-	(3,813)
Net Cash Used by Investing Activities	<u>\$ (8,405)</u>	<u>\$ (7,008)</u>
NET CASH INCREASE FOR THE PERIOD	<u>\$ 505,164</u>	<u>\$ 452,258</u>
CASH AT BEGINNING OF PERIOD	566,028	113,770
<u>CASH AT END OF PERIOD</u>	<u>\$ 1,071,192</u>	<u>\$ 566,028</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

See auditor's report and summary of significant accounting policies and notes to financial statements.

TRAVIS MANION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

Note 1. **Summary of Significant Accounting Policies**

General

Travis Manion Foundation ("*Foundation*") was incorporated in the Commonwealth of Pennsylvania in 2007 as a non-profit organization that provides assistance to the families of fallen heroes and veterans. The Foundation emphasizes service to the community as exemplified by these fallen heroes and veterans. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation is supported primarily through donor contributions and fund raising events.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting. This basis of accounting recognizes revenues when earned and recognizes expenses when incurred.

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted net assets

Net assets which are not subject to donor-imposed restrictions. The Foundation has four classifications of unrestricted net assets. Operating net assets that are available for the general operations of the Foundation. Endowment/Project unrestricted net assets have been restricted by the Board of Directors to function as an endowment or for specific projects. Replacement Reserve unrestricted net assets have been restricted by the Board of Directors for future repairs and/or replacement of property and equipment. Plant unrestricted net assets represent the Foundation's unrestricted property and equipment less any related debt.

Temporarily restricted net assets

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Foundation and/or the passage of time. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions".

Permanently restricted net assets

Net assets that are subject to donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Foundation.

TRAVIS MANION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

Note 1. **Summary of Significant Accounting Policies (Continued)**

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. Currently there are \$25,459 of temporarily restricted net assets and no permanently restricted net assets.

Cash and Cash Equivalents

The Foundation classifies cash and money market accounts as cash and cash equivalents.

Use of Estimates

The financial statements include estimates and assumptions made by management that affect the carrying amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results may differ from those estimates.

Property and Equipment

Property and equipment is stated at cost if purchased, and at the fair value at the date of donation if donated. The Foundation capitalizes all expenditures for property and equipment in excess of \$1,000. Depreciation is computed using the straight-line method over five to seven years.

Inventory

Inventory at the Foundation's office is stated at actual cost.

Other Assets

Other assets consists of the cost of the trademark which is being amortized over fifteen years on a straight-line basis.

Summarized Prior Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

Income Taxes

The Foundation is a not-for-profit organization exempt from income taxes under IRS Code Section 501(c)(3) and classified by the IRS as other than a private foundation. The Foundation's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2009-2012 are subject to examination generally for three years after they were filed.

TRAVIS MANION FOUNDATION
NOTES TO FINANCIAL STATEMENTS

December 31, 2012

Note 2. **Donated Assets and Services**

Donated assets are reflected as contributions in the accompanying statements at their estimated values at date of receipt.

Note 3. **Cash and Cash Equivalents**

Cash and cash equivalents are comprised of the following as of December 31, 2012:

Cash	\$ 798,954
Short-term Money Market Investments	272,238
Total	\$ 1,071,192

Note 4. **Fundraising**

The proceeds and expenses from fundraising are as follows:

	<u>Proceeds</u>	<u>Expenses</u>	<u>Net Proceeds</u>
"If Not Me, Then Who" Gala	\$ 205,189	\$ 40,290	\$ 164,899
Janet Manion Memorial Event	26,912	1,673	25,239
Marine Corps Marathon	77,054	8,240	68,814
Travis Manion Memorial Event	112,294	50,888	61,406
Total	\$ 421,449	\$ 101,091	\$ 320,358

Note 5. **Commitments**

On January 1, 2012, the Foundation entered into a lease agreement for a facility in Doylestown, PA. The terms of the lease require monthly rent of \$2,900 through December 31, 2013, the lease termination date, whereupon the lease will be month to month if not renewed by either party.

Annual lease commitment: 2013 \$ 34,800

On June 4, 2012, the Foundation entered into a lease agreement for an office and furniture in San Diego, California. The lease requires a monthly rent of \$1,234.20 for the period 6/11/12 - 6/10/13, and \$1,271.60 for the period 6/11/13 - 10/31/13.

Annual lease commitment: 2013 \$ 12,492

TRAVIS MANION FOUNDATION
NOTES TO FINANCIAL STATEMENTS

December 31, 2012

Note 6. **Contributed Services**

The Foundation recognizes contribution revenue for certain services received at the fair value of those services. Those services include the following items:

Advertising	3,767,935
Cloud based software user licenses	17,563
Consulting and other services	153,046
Marketing promotional materials	49,394
Merchandise	18,666
Photography and entertainment	11,750
Supplies	71,290
Travel costs	7,564
Total	<u>\$ 4,097,208</u>

In addition, approximately 40,000 hours for which no value has been assigned were volunteered.

Other than the President, the Board of Directors serve without compensation.

Note 7. **Program Services**

	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
Charitable Investments and Community Activation	\$ 4,733,535	\$ 4,727,742	\$ 5,793
Character and Leadership Development	250,899	441,943	\$ (191,044)
Veteran and Survivor Support	652,005	484,472	\$ 167,533
Total Program Services	<u>\$ 5,636,439</u>	<u>\$ 5,654,157</u>	<u>\$ (17,718)</u>

Note 8. **Expenditures Allocation**

The Foundation's expenditures are allocated as follows:

Program Services	95.80%
General and Administrative	2.50%
Fundraising	1.70%
	<u>100.00%</u>

Note 9. **Evaluation of Subsequent Events**

The Foundation has evaluated events through February 15, 2013, the date at which the financial statements were available to be issued.

TRAVIS MANION FOUNDATION
NOTES TO FINANCIAL STATEMENTS

December 31, 2012

Note 10. **Property and Equipment**

	2012	2011
Equipment	\$ 1,005	\$ 1,005
Furniture	6,900	1,400
Computers	4,889	3,218
Subtotal	\$ 12,794	\$ 5,623
Less: accumulated depreciation	2,733	1,048
Net Property and Equipment	\$ 10,061	\$ 4,575

Note 11. **Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes and periods.

	Balance December 31, 2011	Additions	Transfers	Released from Restrictions	Balance December 31, 2012
<u>Time Restrictions</u>					
Fundraising	36,000	25,459	-	36,000	25,459