

TRAVIS MANION FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2013

(See Independent Auditors' Report)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Travis Manion Foundation
Doylestown, PA

We have audited the accompanying financial statement of the Travis Manion Foundation (a nonprofit organization) which comprise the statement of financial position as of December 31, 2013, and the related statement of activities, functional expenses, and cash flows for the year 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.

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.

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, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from Travis Manion Foundation's financial statements as of and for the year ended December 31, 2012 and were audited by other auditors and whose report dated February 15, 2013, expressed an unqualified opinion on those statements.



Bee, Bergvall and Company, P.C.
Certified Public Accountants

June 6, 2014

TRAVIS MANION FOUNDATION

Statement of Financial Position

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 1,168,716	\$ 1,071,192
Pledges receivable	51,645	14,055
Other receivables	1,462	15
Inventory	10,261	26,437
Prepaid expenses	25,233	11,115
Total Current Assets	<u>1,257,317</u>	<u>1,122,814</u>
Furniture and Equipment, net	7,817	10,061
Other assets	<u>13,291</u>	<u>5,639</u>
TOTAL ASSETS	<u>\$ 1,278,425</u>	<u>\$ 1,138,514</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 59,840	\$ 57,702
Accrued expenses	<u>184,243</u>	<u>37,828</u>
Total Current Liabilities	<u>244,083</u>	<u>95,530</u>
Net Assets		
Unrestricted	989,342	1,017,090
Temporarily restricted	<u>45,000</u>	<u>25,894</u>
Total Net Assets	<u>1,034,342</u>	<u>1,042,984</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,278,425</u>	<u>\$ 1,138,514</u>

See independent auditors' report and
accompanying notes to the financial statements

TRAVIS MANION FOUNDATION

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2013

With Summarized Comparative Totals for the Year Ended December 31, 2012

	<u>2013</u>			<u>2012</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
Public Support and Revenue				
Public Support				
Contributions	\$ 1,898,989	\$ 45,000	\$ 1,943,989	\$ 2,005,351
In-kind contributions	4,501,409	-	4,501,409	4,097,209
Program service revenue	389,148	-	389,148	272,379
Investment income	6,411	-	6,411	8,575
Sales, net	27,414	-	27,414	18,344
	<u>6,823,371</u>	<u>45,000</u>	<u>6,868,371</u>	<u>6,401,858</u>
Net assets released from restrictions	<u>25,894</u>	<u>(25,894)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>6,849,265</u>	<u>19,106</u>	<u>6,868,371</u>	<u>6,401,858</u>
Expenses				
Program services	6,384,080	-	6,384,080	5,654,157
Supporting services				
General and Administrative	237,140	-	237,140	150,519
Fundraising	<u>255,793</u>	<u>-</u>	<u>255,793</u>	<u>101,091</u>
Total Expenses	<u>6,877,013</u>	<u>-</u>	<u>6,877,013</u>	<u>5,905,767</u>
Change in net assets	(27,748)	19,106	(8,642)	496,091
Net Assets - Beginning of Year	<u>1,017,090</u>	<u>25,894</u>	<u>1,042,984</u>	<u>546,893</u>
Net Assets - End of Year	<u>\$ 989,342</u>	<u>\$ 45,000</u>	<u>\$ 1,034,342</u>	<u>\$ 1,042,984</u>

See independent auditors' report and
accompanying notes to the financial statements

TRAVIS MANION FOUNDATION

Statement of Functional Expenses

For the Year Ended December 31, 2013

With Summarized Comparative Totals for the Year Ended December 31, 2012

	2013						2012	
	Charitable Investments and Community Activation	Character and Leadership Development	Veteran and Survivor Support	Total Program Expenses	General and Administrative	Fund Raising	Total Expenses	Total Expenses
Salaries and Related Expenses								
Salaries	\$ 116,771	\$ 106,676	\$ 248,838	\$ 472,285	\$ 80,218	\$ 123,010	\$ 675,513	\$ 510,174
Payroll taxes and benefits	13,417	13,868	25,685	52,970	7,818	16,332	77,120	48,487
Total Salaries and Related Expenses	<u>130,188</u>	<u>120,544</u>	<u>274,523</u>	<u>525,255</u>	<u>88,036</u>	<u>139,342</u>	<u>752,633</u>	<u>558,661</u>
Grants	239,900	24,500	272,009	536,409	-	-	536,409	294,096
Supplies	163,218	30,348	21,229	214,795	28,878	13,798	257,471	239,693
Professional fees	87,385	67,723	33,666	188,774	33,496	9,450	231,720	168,748
Travel	11,420	51,047	55,641	118,108	6,031	6,045	130,184	109,126
Advertising	20,583	14,907	14,686	50,176	22,575	1,210	73,961	87,217
Meetings and events	20,142	59,116	31,040	110,298	600	210	111,108	83,748
Consulting and outside services	13,785	10,867	-	24,652	9,490	12,277	46,419	62,220
Occupancy	11,341	5,925	38,590	55,856	19,535	9,188	84,579	58,722
Event registration	12,650	-	-	12,650	-	12,180	24,830	26,340
Other business expenses	7,651	279	269	8,199	4,777	16,091	29,067	25,644
Insurance	20,423	582	2,601	23,606	1,614	489	25,709	22,958
Equipment and services	15,250	309	9,397	24,956	1,051	525	26,532	19,088
Postage and shipping	6,020	1,637	2,001	9,658	6,446	2,416	18,520	15,695
Printing	1,257	1,901	698	3,856	1,381	2,842	8,079	14,537
Telephone	906	1,095	2,382	4,383	6,454	3,226	14,063	11,374
Licenses and permits	10,828	-	-	10,828	-	-	10,828	8,754
Depreciation	815	561	561	1,937	561	-	2,498	1,938
In-kind expenses	4,346,589	97,121	15,974	4,459,684	6,215	26,504	4,492,403	4,097,209
Total Expenses	<u>\$ 5,120,351</u>	<u>\$ 488,462</u>	<u>\$ 775,267</u>	<u>\$ 6,384,080</u>	<u>\$ 237,140</u>	<u>\$ 255,793</u>	<u>\$ 6,877,013</u>	<u>\$ 5,905,768</u>

See independent auditors' report and
accompanying notes to the financial statements

TRAVIS MANION FOUNDATION

Statement of Cash Flows

For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ (8,642)	\$ 496,091
Adjustments to reconcile change in net assets to net cash provided by (used in) operations		
Donated goods and services provided	(4,501,409)	(4,097,209)
Donated goods and services expensed	4,492,403	4,097,209
Depreciation and amortization	2,498	1,939
(Increase) decrease in:		
Contributions receivable	(37,590)	(9,082)
Other receivables	(1,447)	188
Inventory	16,176	(20,545)
Prepaid expenses	(14,118)	(9,433)
Deposits	1,100	-
(Decrease) increase in:		
Accounts payable and accrued expenses	2,138	54,411
Accrued expenses	146,415	-
Net cash provided by (used in) operating activities	<u>97,524</u>	<u>513,569</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>-</u>	<u>(8,405)</u>
Net cash provided by (used in) investing activities	<u>-</u>	<u>(8,405)</u>
Net increase (decrease) in cash and cash equivalents	97,524	505,164
Cash and cash equivalents - Beginning of Year	<u>1,071,192</u>	<u>566,028</u>
Cash and cash equivalents - End of Year	<u>\$ 1,168,716</u>	<u>\$ 1,071,192</u>
Supplementary cash flows disclosure:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report and
accompanying notes to the financial statements

TRAVIS MANION FOUNDATION

Notes to Financial Statements

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Principles

Reporting Entity: Travis Manion Foundation (the Organization) is a not-for-profit organization, incorporated in the Commonwealth of Pennsylvania in 2007 and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar state code. The Organization was founded to provide assistance to the families of fallen heroes and military veterans and emphasizes service to the community as exemplified by these fallen heroes and military veterans.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Support that is restricted by the donor is recognized as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Accordingly, net assets of the Organization and changes therein, are classified and reported as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, 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 subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. The Organization has no permanently restricted assets as of December 31, 2013.

Recognition of Donor Restrictions: The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. However, donor restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted support.

TRAVIS MANION FOUNDATION

Notes to Financial Statements

December 31, 2013

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Principles (Continued)

Cash and Cash Equivalents: The Organization considers money market accounts to be cash equivalents.

Grant and Pledges Receivable: Unconditional promises to give are recognized as revenue in the period the unconditional promise is received and recorded as pledges receivable in the accompanying statements of financial position. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Investments: Investments in fixed income and marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the accompanying statements of financial position. Fair value is measured based on quoted market prices. Unrealized gains and losses are included in the statement of activities.

Property and Equipment: Assets purchased by the Organization are recorded at cost, if purchased and at fair market value if donated. Property and equipment in excess of \$1,000 are capitalized at cost. Major replacements and betterments are capitalized while maintenance and repairs are expensed as incurred.

Depreciation: Depreciation is provided for property and equipment over the estimated useful lives of the assets using the straight-line method over 5-7 years.

Tax Exempt Status: The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. No current tax obligation exists on the Federal or State level. Additionally, the Organization has been classified as a Foundation that is not a private foundation under Section 509(a)(2).

As required by the FASB Accounting Standards Codification, entities are required to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties. This standard had no impact on the Organization's financial statements. The Organization's federal tax return is subject to audit by taxing authorities. The Organization's returns open audit periods are for the fiscal years ending December 31, 2010-2012.

TRAVIS MANION FOUNDATION

Notes to Financial Statements

December 31, 2013

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Principles (Continued)

Donated Facilities, Materials, and Services: Donations of materials are recorded as support at their estimated fair market value. Such donations are reported as unrestricted revenue unless the donor has restricted the donation to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. For the year ended December 31, 2013, \$4,500,409 of donated services and materials was recognized.

The Organization receives significant volunteer time for help in fundraising and in completing various office and administrative duties. No amounts have been reflected in the statements for donated services, as no objective basis is available to measure the value of such services.

Inventory: Inventory consists of clothing and other items available for sale at events. Inventory is valued at lower of cost or market on the first-in, first-out method.

Other Assets: Other assets consist of the cost of the trademark which is being amortized over fifteen years on a straight line basis.

Concentrations of Risk: Financial instruments that potentially expose the Organization to concentrations of risk consist principally of cash, investments, grants receivable and accounts receivable. The Organization places its cash with financial institutions and, at times, such balances may be in excess of FDIC insurance limits.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

TRAVIS MANION FOUNDATION

Notes to Financial Statements

December 31, 2013

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Principles (Continued)

Advertising Costs: Advertising costs are expensed as incurred. Advertising costs totaled \$73,961 for the year ended December 31, 2013.

Comparative 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 accounting policies generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

NOTE 2. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31st:

Character Does Matter Program	\$ 20,000
2014 Leesburg, GA Heroes Run	<u>25,000</u>
	<u>\$ 45,000</u>

NOTE 3. Net Assets Released from Restriction

The following net assets were released from restriction:

Heroes Run	\$ 25,025
Marine Corps Marathon	<u>869</u>
	<u>\$ 25,894</u>

TRAVIS MANION FOUNDATION

Notes to Financial Statements

December 31, 2013

(See Independent Auditors' Report)

NOTE 4. Property and Equipment

Property and equipment consisted of the following at December 31, 2013:

Equipment	\$ 1,005
Furniture	6,900
Computers	<u>4,889</u>
	12,794
Accumulated Depreciation	<u>(4,977)</u>
	<u>\$ 7,817</u>

Depreciation expense was \$2,244 for the year ended December 31, 2013. The expense was charged to program and supporting activities in the statement of activities.

NOTE 5. Commitments

In February of 2014, the Foundation entered into a 24 month lease agreement for its headquarters in Doylestown, PA at which time it will renew on a month to month basis if not terminated by either party. The lease commitments are as follows:

<u>For the year ended:</u>	
December 31, 2014	\$ 33,000
December 31, 2015	36,000
December 31, 2016	<u>3,000</u>
	<u>\$ 72,000</u>

TRAVIS MANION FOUNDATION

Notes to Financial Statements

December 31, 2013

(See Independent Auditors' Report)

NOTE 6. Special Events

During 2013, the Organization held various fund raising events. The table below summarizes support received from these events, less costs for the direct benefits provided.

	<u>Gala</u>	<u>Janet Manion Memorial</u>	<u>Marine Corp Marathon</u>	<u>Golf Outings</u>
Proceeds	\$ 286,271	\$ 29,269	\$ 152,697	\$ 189,191
Expense	<u>152,433</u>	<u>8,047</u>	<u>103,031</u>	<u>86,167</u>
	<u>\$ 133,838</u>	<u>\$ 21,222</u>	<u>\$ 49,666</u>	<u>\$ 103,024</u>

The proceeds and revenue above is included in the appropriate line in the financial statements.

NOTE 7. Contributed Goods and Services

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

Advertising	\$ 4,215,426
Cloud based software user licenses	15,000
Consulting and other services	50,506
Marketing promotional materials	27,257
Merchandise	17,500
Photography and entertainment	98,940
Supplies	62,589
Travel cost	5,185
Professional fees- trademarks	9,006
	<u>\$ 4,501,409</u>

TRAVIS MANION FOUNDATION

Notes to Financial Statements

December 31, 2013

(See Independent Auditors' Report)

NOTE 8. Functional Allocation of Expenses

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

NOTE 9. Related Party Transactions

The Chairman of the Foundation Board of Directors is a co-owner of an event company providing services for the Foundation's annual Gala Awards Dinner. In 2013, the Chairman's company received \$25,455 from the Foundation for services rendered; additionally, the Foundation recorded \$60,950 in donated services.

A member of the Foundation Board of Directors is the father of the Foundation's President.

NOTE 10. Concentration of Credit Risk

The Organization maintains cash accounts that, at time may exceed federally-insured limits. At December 31, 2013, the bank balance exceeded federally insured limits by \$587,949.

NOTE 11. Subsequent Events

In May of 2014, the Foundation entered into a 24 month lease for office space with a base rent of \$2,751 per month. The lease commences August 1, 2014.

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the financial statements were available to be issued.