

Travis Manion Foundation

Financial Statements

Years Ended March 31, 2023 and 2022



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TRAVIS MANION FOUNDATION

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
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FINANCIAL STATEMENTS

<i>Statements of Financial Position</i>	3
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<i>Statements of Activities</i>	4
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<i>Statements of Functional Expenses</i>	6
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<i>Statements of Cash Flows</i>	8
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<i>Notes to Financial Statements</i>	9
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INDEPENDENT AUDITOR'S REPORT

**The Board of Directors
Travis Manion Foundation
Doylestown, Pennsylvania**

Opinion

We have audited the accompanying financial statements of Travis Manion Foundation (a nonprofit organization), which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Travis Manion Foundation as of March 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Travis Manion Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Travis Manion Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of Travis Manion Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Travis Manion Foundation's ability to continue as a going concern for a reasonable period of time

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

BBD LLP

Philadelphia, Pennsylvania
August 14, 2023

TRAVIS MANION FOUNDATION

STATEMENTS OF FINANCIAL POSITION

March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 1,633,832	\$ 5,370,853
Investments	5,133,382	3,223,220
Accounts receivable, net		
Contributions - restricted for the endowment	-	62,000
Contributions - other	2,320,558	174,375
Program service revenue and other	361	5,686
Inventory	166,467	174,073
Prepaid expenses	198,932	138,262
Property and equipment, net	300,941	81,878
Right of use asset - operating lease	36,519	-
Other assets	11,378	19,633
	<u> </u>	<u> </u>
Total assets	<u>\$ 9,802,370</u>	<u>\$ 9,249,980</u>
LIABILITIES		
Accounts payable and accrued expense	\$ 647,041	\$ 535,784
Deferred revenue	48,782	42,320
Lease liability	36,519	-
	<u> </u>	<u> </u>
Total liabilities	<u>732,342</u>	<u>578,104</u>
NET ASSETS		
Without donor restrictions	3,942,077	3,430,543
With donor restrictions	5,127,951	5,241,333
	<u> </u>	<u> </u>
Total net assets	<u>9,070,028</u>	<u>8,671,876</u>
Total liabilities and net assets	<u>\$ 9,802,370</u>	<u>\$ 9,249,980</u>

See accompanying notes

TRAVIS MANION FOUNDATION

STATEMENT OF ACTIVITIES

Year ended March 31, 2023 with comparative totals for 2022

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2023	2022
REVENUE AND SUPPORT				
Contributions	\$ 5,458,762	\$ 5,109,716	\$ 10,568,478	\$ 10,220,203
In-kind contributions				
Not capitalized	2,875,320	-	2,875,320	7,400,746
Capitalized	-	-	-	86,950
Program service revenue	973,020	-	973,020	768,264
Investment (loss) income	(123,431)	-	(123,431)	46,005
Sales, net of cost of goods sold of \$120,688 in 2023 and \$105,435 in 2022	85,079	-	85,079	86,876
Net assets released from restrictions	<u>5,223,098</u>	<u>(5,223,098)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>14,491,848</u>	<u>(113,382)</u>	<u>14,378,466</u>	<u>18,609,044</u>
EXPENSES				
Program services	12,007,792	-	12,007,792	14,674,519
Supporting services				
General and administrative	733,786	-	733,786	697,654
Fundraising	<u>1,238,736</u>	<u>-</u>	<u>1,238,736</u>	<u>672,368</u>
Total expenses	<u>13,980,314</u>	<u>-</u>	<u>13,980,314</u>	<u>16,044,541</u>
CHANGE IN NET ASSETS	511,534	(113,382)	398,152	2,564,503
NET ASSETS				
Beginning of year	<u>3,430,543</u>	<u>5,241,333</u>	<u>8,671,876</u>	<u>6,107,373</u>
End of year	<u>\$ 3,942,077</u>	<u>\$ 5,127,951</u>	<u>\$ 9,070,028</u>	<u>\$ 8,671,876</u>

See accompanying notes

TRAVIS MANION FOUNDATION

STATEMENT OF ACTIVITIES

Year ended March 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 5,217,264	\$ 5,002,939	\$ 10,220,203
In-kind contributions			
Not capitalized	7,400,746	-	7,400,746
Capitalized	86,950	-	86,950
Program service revenue	768,264	-	768,264
Investment income	46,005	-	46,005
Sales, net of cost of goods sold of \$105,435	86,876	-	86,876
Net assets released from restrictions	<u>4,116,118</u>	<u>(4,116,118)</u>	<u>-</u>
Total revenue and support	<u>17,722,223</u>	<u>886,821</u>	<u>18,609,044</u>
EXPENSES			
Program services	14,674,519	-	14,674,519
Supporting services			
General and administrative	697,654	-	697,654
Fundraising	<u>672,368</u>	<u>-</u>	<u>672,368</u>
Total expenses	<u>16,044,541</u>	<u>-</u>	<u>16,044,541</u>
CHANGE IN NET ASSETS	1,677,682	886,821	2,564,503
NET ASSETS			
Beginning of year	<u>1,752,861</u>	<u>4,354,512</u>	<u>6,107,373</u>
End of year	<u>\$ 3,430,543</u>	<u>\$ 5,241,333</u>	<u>\$ 8,671,876</u>

See accompanying notes

TRAVIS MANION FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year ended March 31, 2023 with comparative totals for 2022

	Program Services			Total	Supporting Services		Totals	
	Community Engagement by Veterans and Families of the Fallen	Character Development and Veteran Youth Mentorship	Personal Development and Training for Veterans and Families of the Fallen		General and Administrative	Fundraising	2023	2022
Salaries and related expenses								
Salaries	\$ 1,043,444	\$ 1,855,881	\$ 1,211,694	\$ 4,111,019	\$ 193,914	\$ 489,111	\$ 4,794,044	\$ 3,897,571
Payroll taxes and benefits	135,284	246,708	139,607	521,599	86,798	54,180	662,577	535,462
Total salaries and related expenses	1,178,728	2,102,589	1,351,301	4,632,618	280,712	543,291	5,456,621	4,433,033
Advertising	189,782	156,408	63,212	409,402	49,666	55,126	514,194	393,894
Consulting and outside services	53,398	200,117	48,307	301,822	70,806	31,553	404,181	358,987
Depreciation and amortization	-	15,979	15,979	31,958	-	-	31,958	5,927
Equipment and services	88,428	4,736	10,005	103,169	1,244	715	105,128	31,049
Event registration	33,411	150	36,005	69,566	6,138	30,531	106,235	46,371
Grants	180,525	114,123	554,467	849,115	11,299	2,000	862,414	610,609
Insurance	27,627	3,351	828	31,806	31,518	211	63,535	34,820
Licenses and permits	3,145	-	-	3,145	10	-	3,155	1,722
Meetings and events	42,941	126,930	171,310	341,181	17,691	83,293	442,165	323,137
Occupancy	199,040	120,021	54,664	373,725	12,280	83,802	469,807	365,469
Other	77,579	60,148	33,900	171,627	78,970	98,141	348,738	223,637
Postage and shipping	28,013	13,421	9,663	51,097	11,813	34,379	97,289	104,791
Printing	22,201	44,681	26,372	93,254	4,698	7,994	105,946	94,302
Professional fees	289,993	211,019	197,303	698,315	55,145	125,497	878,957	608,163
Supplies	533,559	187,119	164,628	885,306	36,202	62,995	984,503	875,515
Telephone	7,823	16,797	12,817	37,437	1,745	4,251	43,433	38,235
Travel	15,313	47,856	8,416	71,585	46,282	68,868	186,735	94,134
Subtotal	2,971,506	3,425,445	2,759,177	9,156,128	716,219	1,232,647	11,104,994	8,643,795
In-kind expenses	2,803,891	4,620	43,153	2,851,664	17,567	6,089	2,875,320	7,400,746
Total expenses	<u>\$ 5,775,397</u>	<u>\$ 3,430,065</u>	<u>\$ 2,802,330</u>	<u>\$ 12,007,792</u>	<u>\$ 733,786</u>	<u>\$ 1,238,736</u>	<u>\$ 13,980,314</u>	<u>\$ 16,044,541</u>

See accompanying notes

TRAVIS MANION FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year ended March 31, 2022

	Program Services			Total	Supporting Services		
	Community Engagement by Veterans and Families of the Fallen	Character Development and Veteran Youth Mentorship	Personal Development and Training for Veterans and Families of the Fallen		General and Administrative	Fundraising	Total
Salaries and related expenses							
Salaries	\$ 551,678	\$ 1,880,918	\$ 1,146,107	\$ 3,578,703	\$ 131,812	\$ 187,056	\$ 3,897,571
Payroll taxes and benefits	81,667	230,071	125,746	437,484	69,168	28,810	535,462
Total salaries and related expenses	633,345	2,110,989	1,271,853	4,016,187	200,980	215,866	4,433,033
Advertising	113,779	112,308	48,495	274,582	35,830	83,482	393,894
Consulting and outside services	51,799	132,621	54,348	238,768	91,036	29,183	358,987
Depreciation and amortization	342	2,707	2,878	5,927	-	-	5,927
Equipment and services	17,217	5,413	7,271	29,901	-	1,148	31,049
Event registration	500	1,291	27,777	29,568	-	16,803	46,371
Grants	153,191	112,940	339,535	605,666	836	4,107	610,609
Insurance	15,006	2,600	1,641	19,247	15,365	208	34,820
Licenses and permits	1,722	-	-	1,722	-	-	1,722
Meetings and events	63,309	136,835	65,664	265,808	44,671	12,658	323,137
Occupancy	65,758	81,470	202,354	349,582	8,623	7,264	365,469
Other	30,418	24,378	25,276	80,072	54,785	88,780	223,637
Postage and shipping	41,247	27,272	11,640	80,159	11,400	13,232	104,791
Printing	9,310	6,004	2,988	18,302	8,126	67,874	94,302
Professional fees	210,837	222,608	77,746	511,191	47,211	49,761	608,163
Supplies	335,105	190,829	159,247	685,181	128,058	62,276	875,515
Telephone	6,503	17,955	10,279	34,737	1,548	1,950	38,235
Travel	12,602	34,033	4,668	51,303	25,904	16,927	94,134
Subtotal	1,761,990	3,222,253	2,313,660	7,297,903	674,373	671,519	8,643,795
In-kind expenses	7,367,825	7,265	1,526	7,376,616	23,281	849	7,400,746
Total expenses	\$ 9,129,815	\$ 3,229,518	\$ 2,315,186	\$ 14,674,519	\$ 697,654	\$ 672,368	\$ 16,044,541

See accompanying notes

TRAVIS MANION FOUNDATION

STATEMENTS OF CASH FLOWS

Years ended March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 398,152	\$ 2,564,503
Adjustments to reconcile changes in net assets to net cash (used for) provided by operating activities		
Unrealized loss (gain) on investments	245,424	(15,078)
Depreciation and amortization	31,958	5,927
Contribution of other assets	-	(86,950)
Forgiveness of debt	-	(696,600)
(Increase) decrease in		
Accounts receivable		
Contributions	(2,084,183)	158,125
Program service revenue and other	5,325	(2,606)
Inventory	7,606	(82,954)
Prepaid expenses and other assets	(53,269)	66,618
Increase (decrease) in		
Accounts payable and accrued expenses	111,257	107,399
Deferred revenue	6,462	26,804
Net cash (used for) provided by operating activities	<u>(1,331,268)</u>	<u>2,045,188</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(250,167)	-
Purchase of investments	<u>(2,155,586)</u>	<u>(3,208,142)</u>
Net cash used for investing activities	<u>(2,405,753)</u>	<u>(3,208,142)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of contributions received for endowment	<u>-</u>	<u>62,500</u>
Net cash provided by financing activities	<u>-</u>	<u>62,500</u>
Net change in cash and cash equivalents	(3,737,021)	(1,100,454)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>5,370,853</u>	<u>6,471,307</u>
End of year	<u>\$ 1,633,832</u>	<u>\$ 5,370,853</u>

See accompanying notes

TRAVIS MANION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2023 and 2022

(1) NATURE OF OPERATIONS

Travis Manion Foundation ("**TMF**"), a nonprofit organization incorporated in the Commonwealth of Pennsylvania in 2007, 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.

TMF provides the following programs:

Community Engagement by Veterans and Families of the Fallen

TMF Spartan members, led by veterans and families of the fallen, unite communities to strengthen America's national character. Through Operation Legacy service projects, TMF members share the legacy of character of our fallen heroes through organizing community service projects that unite veterans, survivors, young adults and inspired civilians to address their community's greatest need. Operation Legacy service projects are executed throughout the year with focused campaigns in May, August, November and April. Operation Legacy activated 11,303 participants to serve in 2023. These campaigns included activating Spartan members to visit fallen heroes on Memorial Day through "The Honor Project", a back-to-school day of character and service during August, and other service projects around Veterans Day and MLK Day. TMF also activates communities through a national 5K race series, the 9/11 Heroes Run. In 2023, 100 locations hosted runs with 21,421 participants honoring the heroes of 9/11 and the wars since.

Personal Development and Training for Veterans and Families of the Fallen

TMF empowers veterans and families of fallen heroes to thrive in their post-military lives through personal development and life-changing experiences. TMF delivered 74 personal development seminars that provide individualized tools and knowledge that helped 2,574 veterans successfully transition from active duty. In 2023, TMF hosted 2 cohorts of the "Spartan Leadership Program" consisting of 28 veterans and families of the fallen who participated in a 7-month immersive leadership experience in order to experience personal growth and increase their volunteer leadership role within TMF. Also, families of fallen heroes are empowered to flourish on their personal journeys of healing through service-based expeditions. In 2023, TMF hosted 5 expeditions where 69 survivors spent a week together serving communities in need, in honor of their lost loved ones. They provide camaraderie, support and renewed purpose to surviving family members to learn tools to move forward in their personal journey. TMF hosted a national summit as well as six regional summits for our top volunteer leaders to continue honing their volunteer leadership skills. Additionally, veterans and survivors continue to develop strong relationships and feel a sense of purpose beyond personal development workshops and expeditions by being involved members and participating in TMF events throughout the year.

Character Development and Veteran Youth Mentorship

Through "Character Does Matter", veterans and families of the fallen are empowered to develop character in future generations. Veterans and survivors serve as volunteer mentors to lead character education presentations for young adults that draw on a mentor's personal service experience and the value of character in everyday life. These same volunteers also mentor youth through a character and leadership curriculum that includes team-building exercises, discussions and experiential learning challenges. Programs are facilitated by veteran and survivor teams for at least 10 hours of instruction that range in duration from a single day event to a multi-week course. 2,546 trained veterans mentors inspired 61,731 youth through Character Does Matter in 2023, of which 50% are considered "at-risk" or "under-resourced" youth.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

TRAVIS MANION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2023 and 2022

Basis of Presentation

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

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the TMF and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as "**net assets released from restrictions**". Contributions and investment income that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

This category also includes net assets that are subject to donor-imposed restrictions that neither expire by passage of time nor can be satisfied by actions of TMF.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Concentration of Credit Risk

Cash and cash equivalents and accounts receivable represent financial instruments that potentially subject TMF to concentration of credit risk. TMF maintains its cash and cash equivalents at high-quality financial institutions. At times, such deposits may exceed federally insured limits. TMF has not experienced any losses on its deposits.

Fair Value Measurements of Assets and Liabilities

Accounting principles generally accepted in the United States of America ("**GAAP**") define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of TMF. Unobservable inputs reflect TMF's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that TMF has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect TMF's own assumptions.

Cash and Cash Equivalents

TMF considers highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Money market accounts are considered cash equivalents.

TRAVIS MANION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2023 and 2022

Investments

Investments in marketable securities with readily determinable market values are measured at fair value in the financial statements. Investment income or loss (including realized gains and losses on investments, interest and dividends) and unrealized gains and losses on investments are included in the statements of activities and changes in net assets. Specifically identified cost is used to determine realized gains and losses for investments sold.

TMF's investments are comprised of a variety of financial instruments. The fair values reported in the statements of financial position are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the statements of financial position could change materially in the near term.

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.

Property and Equipment

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at their estimated fair value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred.

Other Assets

Other assets is comprised primarily of the cost of trademarks which are being amortized over fifteen years on a straight line basis and the cost of a website which is being amortized over its useful life which is estimated to be three years.

Contributions

Contributions received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Unconditional promises to give are recognized as revenue in the period the unconditional promise to give is received and recorded as contributions receivable in the accompanying statements of financial position. Conditional promises to give are recognized as revenue when the conditions are satisfied. Accordingly, amounts received in advance of the conditions being satisfied are included in refundable advances in the accompanying statements of financial position.

Contributions of \$4,500,000 were received from four donors in 2023. Contributions of \$4,266,400 were received from four donors in 2022. In-kind contributions of \$2,682,096 were received from 2 donors in 2023. In-kind contributions of \$7,212,232 were received from three donors in 2022.

Donated Materials and Services

Donated materials are recorded as support and expenses at their estimated fair market value. Such donations are reported as without donor restrictions unless the donor has restricted the donation for 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 donor restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, TMF reports expirations of donor restrictions when the donated or acquired assets are placed in service.

TRAVIS MANION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2023 and 2022

Donated services are recorded as support and expenses at their estimated value on the date of receipt if such services require specialized skills which would need to be purchased if they were not donated.

TMF receives a significant amount of volunteer time for its general and administrative and fundraising services. The financial statements do not reflect the value of these contributed services since they do not meet the criteria for recognition.

Revenue

Program service revenue is recognized at the time the program occurs. Accordingly, revenue from these sources received in advance of the applicable year is included in deferred revenue in the accompanying statements of financial position and is recognized as revenue in the immediate subsequent year.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was \$514,194 in 2023 and \$393,894 in 2022.

Allocation of Expenses

The costs of providing various program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated based upon estimates of time and effort.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, Leases (Topic 842) and subsequent amendments to the initial guidance (collectively, Topic 842). Under the new guidance, lessees are required to recognize the following for all leases (with the exception of leases with a term of twelve months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use-asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. This guidance was effective for TMF on April 1, 2022. TMF adopted this standard using the modified retrospective approach.

Income Tax Status

TMF qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and no provision or liability for income taxes is included in the accompanying financial statements.

TMF has adopted an accounting standard regarding uncertain tax positions. The standard prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. TMF believes that it had no uncertain tax positions as defined in the standard.

(3) INVESTMENTS

Investments at March 31, 2023 and 2022, valued using Level 1 inputs consisted of the following:

	<u>2023</u>	<u>2022</u>
Bank deposits	\$1,320,234	\$2,063,122
Exchange traded funds - equity	3,019,303	1,160,098
Mutual funds – fixed income	<u>793,845</u>	<u>-</u>
	<u>\$5,133,382</u>	<u>\$3,223,220</u>

TRAVIS MANION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2023 and 2022

Investment income (loss) consisted of the following for the years ended March 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 121,993	\$30,927
Unrealized (loss) gain	<u>(245,424)</u>	<u>15,078</u>
	<u><u>\$ (123,431)</u></u>	<u><u>\$46,005</u></u>

(4) CONTRIBUTIONS RECEIVABLE

The contributions receivable at March 31, 2023 and 2022 are expected to be collected as follows:

	<u>2023</u>	<u>2022</u>
In less than one year	\$1,852,750	\$211,375
In one to five years	<u>500,000</u>	<u>25,000</u>
	2,352,750	236,375
Less: net present value discount	<u>(32,192)</u>	<u>-</u>
	<u><u>\$2,320,558</u></u>	<u><u>\$236,375</u></u>

TMF has recorded a net present value discount for the year ended March 31, 2023 at a 4% discount rate. The net present value discount for the year ended March 31, 2022 was immaterial.

(5) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at March 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 2,120	\$ 2,120
Automotive and other equipment	<u>337,117</u>	<u>86,950</u>
	339,237	89,070
Accumulated depreciation	<u>(38,296)</u>	<u>(7,192)</u>
	<u><u>\$300,941</u></u>	<u><u>\$81,878</u></u>

Depreciation expense was \$31,104 for the year ended March 31, 2023 and \$5,072 for the year ended March 31, 2022.

(6) LINE OF CREDIT

TMF has a \$150,000 bank line of credit. Advances under the line are unsecured and bear interest at a variable rate equal to the prime rate plus 1% with a floor rate of 5.75%. There were no advances outstanding at March 31, 2023 and 2022.

(7) PAYCHECK PROTECTION PROGRAM

In February 2021, TMF received a loan of \$696,600 under the Paycheck Protection Program. The loan was charged interest at 1%, was unsecured, and was guaranteed by the Small Business Administration. Under the terms of the Paycheck Protection Program, the loan could be forgiven if the proceeds were used for qualifying expenses. Since TMF incurred the qualifying expenses during the year ended March 31, 2022 and the loan was forgiven in August 2021, the loan proceeds of \$696,000 have been reported as contributions in the accompanying 2022 statement of activities.

TRAVIS MANION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2023 and 2022

(8) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at March 31, 2023 and 2022:

	<u>Balance</u> <u>March 31, 2022</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>March 31, 2023</u>
Purpose restrictions				
Character Development and Veteran Youth Mentorship	\$3,338,583	\$2,997,004	\$(3,425,445)	\$2,910,142
Personal Development and Training for Veterans and Families of the Fallen	100,000	1,144,903	(1,244,903)	-
Other	<u>52,750</u>	<u>-</u>	<u>(52,750)</u>	<u>-</u>
	3,491,333	4,141,907	(4,723,098)	2,910,142
Time restrictions				
For future periods	500,000	967,809	(500,000)	967,809
To be maintained indefinitely				
Endowments	<u>1,250,000</u>	<u>-</u>	<u>-</u>	<u>1,250,000</u>
	<u>\$5,241,333</u>	<u>\$5,109,716</u>	<u>\$(5,223,098)</u>	<u>\$5,127,951</u>
	<u>Balance</u> <u>March 31, 2021</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>March 31, 2022</u>
Purpose restrictions				
Character Development and Veteran Youth Mentorship	\$1,864,512	\$4,339,763	\$(2,865,692)	\$3,338,583
Community Engagement by Veterans and Families of the Fallen	45,000	-	(45,000)	-
Personal Development and Training for Veterans and Families of the Fallen	170,000	593,176	(663,176)	100,000
Other	<u>-</u>	<u>70,000</u>	<u>(17,250)</u>	<u>52,750</u>
	2,079,512	5,002,939	(3,591,118)	3,491,333
Time restrictions				
For future periods	1,025,000	-	(525,000)	500,000
To be maintained indefinitely				
Endowments	<u>1,250,000</u>	<u>-</u>	<u>-</u>	<u>1,250,000</u>
	<u>\$4,354,512</u>	<u>\$5,002,939</u>	<u>\$(4,116,118)</u>	<u>\$5,241,333</u>

The restricted net assets to be maintained indefinitely include two endowments, the historical costs of which are \$1,000,000 and \$250,000. The income from the \$1,000,000 endowment has no restrictions. The income from the \$250,000 endowment is restricted for character development and veteran youth mentorship

The endowments included contributions receivable of \$-0- at March 31, 2023 and \$62,000 at March 31, 2022. TMF has not yet established spending policies for the endowments and, accordingly, has not made any withdrawals from the endowments. TMF will make withdrawals from the endowments upon adoption of a spending policy.

(9) OPERATING LEASES

TMF leases its main office in Doylestown, Pennsylvania under a lease that expired in January 2023. The lease is being renewed on a month-to-month basis. TMF also leases satellite offices throughout the United States. All but one of these leases is on a month-to-month basis. Rent expense, which is included in occupancy expense in the accompanying statements of functional expenses, was \$177,923 for 2023 and \$137,018 for 2022.

TRAVIS MANION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2023 and 2022

The maturities of operating lease liabilities as of March 31, 2023, were as follows:

Year ending December 31,

2024	\$30,000
2025	<u>7,500</u>
	37,500
Less: Interest	<u>(981)</u>
Present value of operating lease liability	<u>\$36,519</u>

The weighted average remaining lease term on operating leases was 1.25 years and the weighted average discount rate was 4% as of March 31, 2023.

(10) DONATED MATERIALS AND SERVICES

Certain donated materials and services received during 2023 and 2022 were recorded at their fair value and consisted of the following:

	<u>2023</u>	<u>2022</u>
Not capitalized		
Advertising	\$2,713,097	\$7,291,482
Cemetery plots	21,980	-
Consulting and other services	22,954	26,992
Marketing promotional materials	5,753	4,949
Rent	33,500	18,564
Supplies	<u>78,036</u>	<u>58,759</u>
	2,875,320	7,400,746
Capitalized		
Equipment	<u>-</u>	<u>86,950</u>
	<u>\$2,875,320</u>	<u>\$7,487,696</u>

(11) EMPLOYEE RETIREMENT PLAN

TMF has established a 401(k) plan for the benefit of employees who satisfy the eligibility requirements of the plan. Under the provisions of the plan, the employees may defer from federal income tax a percentage of their compensation, and, at its discretion, TMF may make matching and profit-sharing contributions to the plan. TMF made contributions to the plan of \$55,881 in 2023 and \$54,698 in 2022.

(12) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects TMF's financial assets as of March 31, 2023 and 2022 and the amounts that are available for general expenditures during the twelve months after the date of the statement of financial position. TMF considers all expenditures related to its ongoing activities of providing the established programs as well as the cost of the related overhead as general expenditures.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,633,832	\$ 5,370,853
Investments	5,133,382	3,223,220
Contributions receivable	2,320,558	236,375
Accounts receivable	<u>361</u>	<u>5,686</u>
Total financial assets	9,088,133	8,836,134

TRAVIS MANION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2023 and 2022

Financial assets restricted for specific purposes unrelated to established programs	-	(52,750)
Financial assets time restricted beyond one year	(467,808)	(25,000)
Financial assets to be maintained indefinitely	<u>(1,250,000)</u>	<u>(1,250,000)</u>
Financial assets available within one year	<u>\$ 7,370,325</u>	<u>\$ 7,508,384</u>

As part of TMF's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due and it also has a \$150,000 bank line of credit available. TMF invests cash in excess of its requirements in a money market fund.

(13) SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 14, 2023, the date on which the financial statements were available to be issued. No material subsequent events have occurred since March 31, 2023 that required recognition in the financial statements.