

Travis Manion Foundation

Financial Statements
Years Ended March 31, 2022 and 2021



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TRAVIS MANION FOUNDATION

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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, 2022 and 2021, 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, 2022 and 2021, 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 10, 2022

TRAVIS MANION FOUNDATION

STATEMENTS OF FINANCIAL POSITION

March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 5,370,853	\$ 6,471,307
Investments	3,223,220	-
Accounts receivable		
Contributions - restricted for the endowment	62,000	124,500
Contributions - other	174,375	332,500
Program service revenue and other	5,686	3,080
Inventory	174,073	91,119
Prepaid expenses	138,262	208,380
Other assets	<u>101,511</u>	<u>16,988</u>
Total assets	<u>\$ 9,249,980</u>	<u>\$ 7,247,874</u>
LIABILITIES		
Accounts payable and accrued expense	\$ 535,784	\$ 428,385
Deferred revenue	42,320	15,516
Note payable	<u>-</u>	<u>696,600</u>
Total liabilities	<u>578,104</u>	<u>1,140,501</u>
NET ASSETS		
Without donor restrictions	3,430,543	1,752,861
With donor restrictions	<u>5,241,333</u>	<u>4,354,512</u>
Total net assets	<u>8,671,876</u>	<u>6,107,373</u>
Total liabilities and net assets	<u>\$ 9,249,980</u>	<u>\$ 7,247,874</u>

See accompanying notes

TRAVIS MANION FOUNDATION

STATEMENT OF ACTIVITIES

Year ended March 31, 2022 with comparative totals for 2021

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2022	2021
REVENUE AND SUPPORT				
Contributions	\$ 5,217,264	\$ 5,002,939	\$ 10,220,203	\$ 8,540,122
In-kind contributions				
Not capitalized	7,400,746	-	7,400,746	4,789,657
Capitalized	86,950	-	86,950	-
Program service revenue	768,264	-	768,264	455,029
Investment income	46,005	-	46,005	15,305
Sales, net of cost of goods sold of \$105,435 in 2022 and \$56,910 in 2021	86,876	-	86,876	22,024
Net assets released from restrictions	<u>4,116,118</u>	<u>(4,116,118)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>17,722,223</u>	<u>886,821</u>	<u>18,609,044</u>	<u>13,822,137</u>
EXPENSES				
Program services	14,674,519	-	14,674,519	9,636,803
Supporting services				
General and administrative	697,654	-	697,654	447,465
Fundraising	<u>672,368</u>	<u>-</u>	<u>672,368</u>	<u>690,444</u>
Total expenses	<u>16,044,541</u>	<u>-</u>	<u>16,044,541</u>	<u>10,774,712</u>
CHANGE IN NET ASSETS	1,677,682	886,821	2,564,503	3,047,425
NET ASSETS				
Beginning of year	<u>1,752,861</u>	<u>4,354,512</u>	<u>6,107,373</u>	<u>3,059,948</u>
End of year	<u>\$ 3,430,543</u>	<u>\$ 5,241,333</u>	<u>\$ 8,671,876</u>	<u>\$ 6,107,373</u>

See accompanying notes

TRAVIS MANION FOUNDATION

STATEMENT OF ACTIVITIES

Year ended March 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 5,130,122	\$ 3,410,000	\$ 8,540,122
In-kind contributions	4,789,657	-	4,789,657
Program service revenue	455,029	-	455,029
Investment income	15,305	-	15,305
Sales, net of cost of goods sold of \$56,910	22,024	-	22,024
Net assets released from restrictions	<u>2,111,032</u>	<u>(2,111,032)</u>	<u>-</u>
Total revenue and support	<u>12,523,169</u>	<u>1,298,968</u>	<u>13,822,137</u>
EXPENSES			
Program services	9,636,803	-	9,636,803
Supporting services			
General and administrative	447,465	-	447,465
Fundraising	<u>690,444</u>	<u>-</u>	<u>690,444</u>
Total expenses	<u>10,774,712</u>	<u>-</u>	<u>10,774,712</u>
CHANGE IN NET ASSETS	1,748,457	1,298,968	3,047,425
NET ASSETS			
Beginning of year	<u>4,404</u>	<u>3,055,544</u>	<u>3,059,948</u>
End of year	<u>\$ 1,752,861</u>	<u>\$ 4,354,512</u>	<u>\$ 6,107,373</u>

See accompanying notes

TRAVIS MANION FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year ended March 31, 2022 with comparative totals for 2021

	Program Services				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	Total	General and Administrative	Fundraising	2022	2021
Salaries and related expenses								
Salaries	\$ 551,678	\$ 1,880,918	\$ 1,146,107	\$ 3,578,703	\$ 131,812	\$ 187,056	\$ 3,897,571	\$ 3,394,610
Payroll taxes and benefits	81,667	230,071	125,746	437,484	69,168	28,810	535,462	409,859
Total salaries and related expenses	633,345	2,110,989	1,271,853	4,016,187	200,980	215,866	4,433,033	3,804,469
Advertising	113,779	112,308	48,495	274,582	35,830	83,482	393,894	184,636
Consulting and outside services	51,799	132,621	54,348	238,768	91,036	29,183	358,987	304,195
Depreciation and amortization	342	2,707	2,878	5,927	-	-	5,927	24,447
Equipment and services	17,217	5,413	7,271	29,901	-	1,148	31,049	9,861
Event registration	500	1,291	27,777	29,568	-	16,803	46,371	13,523
Grants	153,191	112,940	339,535	605,666	836	4,107	610,609	115,846
Insurance	15,006	2,600	1,641	19,247	15,365	208	34,820	23,358
Licenses and permits	1,722	-	-	1,722	-	-	1,722	394
Meetings and events	63,309	136,835	65,664	265,808	44,671	12,658	323,137	39,321
Occupancy	65,758	81,470	202,354	349,582	8,623	7,264	365,469	242,467
Other	30,418	24,378	25,276	80,072	54,785	88,780	223,637	130,423
Postage and shipping	41,247	27,272	11,640	80,159	11,400	13,232	104,791	138,036
Printing	9,310	6,004	2,988	18,302	8,126	67,874	94,302	58,744
Professional fees	210,837	222,608	77,746	511,191	47,211	49,761	608,163	468,362
Supplies	335,105	190,829	159,247	685,181	128,058	62,276	875,515	375,523
Telephone	6,503	17,955	10,279	34,737	1,548	1,950	38,235	32,356
Travel	12,602	34,033	4,668	51,303	25,904	16,927	94,134	19,094
Subtotal	1,761,990	3,222,253	2,313,660	7,297,903	674,373	671,519	8,643,795	5,985,055
In-kind expenses	7,367,825	7,265	1,526	7,376,616	23,281	849	7,400,746	4,789,657
Total expenses	\$ 9,129,815	\$ 3,229,518	\$ 2,315,186	\$ 14,674,519	\$ 697,654	\$ 672,368	\$ 16,044,541	\$ 10,774,712

See accompanying notes

TRAVIS MANION FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year ended March 31, 2021

	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	\$ 855,823	\$ 1,226,520	\$ 969,503	\$ 3,051,846	\$ 141,436	\$ 201,328	\$ 3,394,610
Payroll taxes and benefits	110,740	139,701	113,539	363,980	26,393	19,486	409,859
Total salaries and related expenses	966,563	1,366,221	1,083,042	3,415,826	167,829	220,814	3,804,469
Advertising	45,992	48,720	39,963	134,675	31,289	18,672	184,636
Consulting and outside services	66,383	101,416	67,654	235,453	48,307	20,435	304,195
Depreciation and amortization	9,779	4,889	9,779	24,447	-	-	24,447
Equipment and services	3,291	3,492	2,220	9,003	327	531	9,861
Event registration	187	-	13,300	13,487	36	-	13,523
Grants	52,520	26,206	36,591	115,317	529	-	115,846
Insurance	2,672	1,794	861	5,327	17,883	148	23,358
Licenses and permits	168	74	81	323	49	22	394
Meetings and events	514	8,074	11,966	20,554	651	18,116	39,321
Occupancy	50,209	71,255	45,563	167,027	17,086	58,354	242,467
Other	6,535	30,090	8,916	45,541	30,155	54,727	130,423
Postage and shipping	55,814	18,718	2,400	76,932	20,144	40,960	138,036
Printing	3,600	11,228	634	15,462	3,046	40,236	58,744
Professional fees	62,052	135,948	102,729	300,729	63,175	104,458	468,362
Supplies	161,492	102,349	40,996	304,837	13,986	56,700	375,523
Telephone	8,799	12,970	7,621	29,390	1,192	1,774	32,356
Travel	-	919	662	1,581	4,977	12,536	19,094
Subtotal	1,496,570	1,944,363	1,474,978	4,915,911	420,661	648,483	5,985,055
In-kind expenses	4,616,142	7,191	97,559	4,720,892	26,804	41,961	4,789,657
Total expenses	\$ 6,112,712	\$ 1,951,554	\$ 1,572,537	\$ 9,636,803	\$ 447,465	\$ 690,444	\$ 10,774,712

See accompanying notes

TRAVIS MANION FOUNDATION

STATEMENTS OF CASH FLOWS

Years ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 2,564,503	\$ 3,047,425
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities		
Unrealized gain on investments	(15,078)	-
Depreciation and amortization	5,927	24,447
Contribution of other assets	(86,950)	
Forgiveness of debt	(696,600)	-
(Increase) decrease in		
Accounts receivable		
Contributions - other	158,125	57,500
Program service revenue and other	(2,606)	(1,854)
Inventory	(82,954)	13,849
Prepaid expenses and other assets	66,618	27,739
Increase (decrease) in		
Accounts payable and accrued expenses	107,399	190,314
Deferred revenue	26,804	(11,028)
Refundable advances	-	(53,925)
Net cash provided by operating activities	<u>2,045,188</u>	<u>3,294,467</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(3,208,142)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of contributions received for endowment	62,500	562,500
Proceeds from issuance of note payable	<u>-</u>	<u>696,600</u>
Net cash provided by financing activities	<u>62,500</u>	<u>1,259,100</u>
Net change in cash and cash equivalents	(1,100,454)	4,553,567
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>6,471,307</u>	<u>1,917,740</u>
End of year	<u>\$ 5,370,853</u>	<u>\$ 6,471,307</u>

See accompanying notes

TRAVIS MANION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

(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 6,539 participants to serve in 2022. 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 2022, 84 locations hosted runs with 20,896 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 70 personal development seminars that provide individualized tools and knowledge that helped 3,047 veterans successfully transition from active duty. In 2022, TMF hosted two cohorts of the "Spartan Leadership Program" consisting of 33 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 2022, TMF hosted 6 expeditions where 74 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. 2,243 trained veterans mentors inspired 42,591 youth through Character Does Matter in 2022, 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, 2022 and 2021

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, 2022 and 2021

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 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 \$4,266,400 were received from four donors in 2022. Contributions of \$3,525,000 were received from three donors in 2021. In-kind contributions of \$7,212,232 were received from three donors in 2022. In-kind contributions of \$4,576,218 were received from three donors in 2021.

Contributions receivable are valued using Level 2 inputs.

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.

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 \$393,894 in 2022 and \$184,636 in 2021.

TRAVIS MANION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

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.

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, 2022 consisted of the following:

Bank deposits	\$2,063,122
Exchange-traded funds - equity	<u>1,160,098</u>
	<u>\$3,223,220</u>

Investments were valued using Level 1 inputs.

Investment income consisted of the following for the years ended March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$30,927	\$15,305
Unrealized gain	<u>15,078</u>	<u>-</u>
	<u>\$46,005</u>	<u>\$15,305</u>

(4) CONTRIBUTIONS RECEIVABLE

The contributions receivable at March 31, 2022 and 2021 are expected to be collected as follows:

	<u>2022</u>	<u>2021</u>
In less than one year	\$211,375	\$372,000
In one to five years	<u>25,000</u>	<u>85,000</u>
	<u>\$236,375</u>	<u>\$457,000</u>

A discount to present value was not recorded due to immateriality.

(5) 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, 2022 and 2021.

TRAVIS MANION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

(6) PAYCHECK PROTECTION PROGRAM

In April 2020, TMF received a loan of \$624,000 under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. 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 prior to March 31, 2021 and the loan was forgiven in December 2021, the loan proceeds of \$624,000 were reported as contributions in the accompanying 2021 statement of activities.

In February 2021, TMF received a second 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 had not incurred the qualifying expenses as of March 31, 2021, the loan proceeds of \$696,000 were reported as a note payable in the accompanying 2021 statement of financial position. Since TMF incurred the qualifying expenses subsequent to March 31, 2021 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.

(7) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at March 31, 2022 and 2021:

	<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>
	<u>Balance</u> <u>March 31, 2020</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>March 31, 2021</u>
Purpose restrictions				
Character Development and Veteran Youth Mentorship	\$ 967,709	\$2,085,000	\$(1,188,197)	\$1,864,512
Community Engagement by Veterans and Families of the Fallen	-	45,000	-	45,000
Personal Development and Training for Veterans and Families of the Fallen	<u>537,835</u>	<u>255,000</u>	<u>(622,835)</u>	<u>170,000</u>
	1,505,544	2,385,000	(1,811,032)	2,079,512
Time restrictions				
For future periods	300,000	1,025,000	(300,000)	1,025,000
To be maintained indefinitely				
Endowments	<u>1,250,000</u>	<u>-</u>	<u>-</u>	<u>1,250,000</u>
	<u>\$3,055,544</u>	<u>\$3,410,000</u>	<u>\$(2,111,032)</u>	<u>\$4,354,512</u>

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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 \$62,000 at March 31, 2022 and \$124,500 at March 31, 2021. 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.

(8) OPERATING LEASES

TMF leases its main office in Doylestown, Pennsylvania under a lease that expires January 2023. TMF also leases four satellite offices throughout the United States under leases, all of which are on a month-to-month basis.

Rent expense, which is included in occupancy expense in the accompanying statements of functional expenses, was \$137,018 for 2022 and \$155,632 for 2021. The minimum annual lease commitments under these leases are \$47,584 for 2023.

(9) DONATED MATERIALS AND SERVICES

Certain donated materials and services received during 2022 and 2021 were recorded at their fair value and consisted of the following:

	<u>2022</u>	<u>2021</u>
Not capitalized		
Advertising	\$7,291,482	\$4,600,718
Airfare	-	96,600
Consulting and other services	26,992	3,656
Marketing promotional materials	4,949	9,403
Rent	18,564	28,480
Supplies	<u>58,759</u>	<u>50,800</u>
	7,400,746	4,789,657
Capitalized		
Equipment	<u>86,950</u>	<u>-</u>
	<u>\$7,487,696</u>	<u>\$4,789,657</u>

(10) 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 \$54,698 in 2022 and \$15,526 in 2021.

(11) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects TMF's financial assets as of March 31, 2022 and 2021 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.

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	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 5,370,853	\$ 6,471,307
Investments	3,223,220	-
Contributions receivable	236,375	457,000
Accounts receivable	<u>5,686</u>	<u>3,080</u>
Total financial assets	8,836,134	6,931,387
Financial assets restricted for specific purposes unrelated to established programs	(52,750)	-
Financial assets restricted for established programs beyond one year	-	(500,000)
Financial assets time restricted beyond one year	(25,000)	(85,000)
Financial assets to be maintained indefinitely	<u>(1,250,000)</u>	<u>(1,250,000)</u>
Financial assets available within one year	<u>\$ 7,508,384</u>	<u>\$ 5,096,387</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.

(12) SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 10, 2022, the date on which the financial statements were available to be issued.

COVID-19 continued to have an impact on TMF operations through reducing the number of participants in certain events such as the 9/11 Heroes Run and Operation Legacy service projects. Additionally, some schools and youth groups were more restrictive early in 2022 about hosting Character Does Matter events which reduced the total number of Character Does Matter events and youth impacted compared to previous years.

No material subsequent events have occurred since March 31, 2022 that required recognition in the financial statements.