

Travis Manion Foundation

Financial Statements
Years Ended March 31, 2018 and 2017



1835 Market Street, 3rd Floor
Philadelphia, PA 19103

215/567-7770 | bbdcpa.com

TRAVIS MANION FOUNDATION

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
<i>Comparative Statements of Financial Position</i>	2
<i>Comparative Statements of Activities</i>	3
<i>Comparative Statements of Functional Expenses</i>	5
<i>Comparative Statements of Cash Flows</i>	7
<i>Notes to Financial Statements</i>	8



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Travis Manion Foundation (a nonprofit organization), which comprise the statements of financial position as of March 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 the Travis Manion Foundation as of March 31, 2018 and 2017, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BBD, LLP

**Philadelphia, Pennsylvania
July 24, 2018**

TRAVIS MANION FOUNDATION

STATEMENTS OF FINANCIAL POSITION

March 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 604,505	\$ 639,208
Accounts receivable		
Contributions	862,300	184,730
Program service revenue and other	6,176	29,905
Inventory	92,525	85,620
Prepaid expenses	156,903	44,738
Other assets	<u>82,339</u>	<u>63,128</u>
Total assets	<u>\$ 1,804,748</u>	<u>\$ 1,047,329</u>
LIABILITIES		
Accounts payable and accrued expense	\$ 301,718	\$ 251,108
Deferred revenue	<u>4,176</u>	<u>5,380</u>
Total liabilities	<u>305,894</u>	<u>256,488</u>
NET ASSETS		
Unrestricted	185,649	431,908
Temporarily restricted	<u>1,313,205</u>	<u>358,933</u>
Total net assets	<u>1,498,854</u>	<u>790,841</u>
Total liabilities and net assets	<u>\$ 1,804,748</u>	<u>\$ 1,047,329</u>

See accompanying notes

TRAVIS MANION FOUNDATION

STATEMENT OF ACTIVITIES

Year ended March 31, 2018 with comparative totals for 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2018</u>	<u>2017</u>
REVENUE AND SUPPORT				
Contributions	\$ 4,570,015	\$ 1,313,205	\$ 5,883,220	\$ 3,547,603
In-kind contributions	5,559,783	-	5,559,783	4,325,120
Program service revenue	592,494	-	592,494	655,204
Investment income	3,500	-	3,500	2,591
Sales, net of cost of goods sold of \$48,839 in 2018 and \$67,379 in 2017	56,279	-	56,279	34,417
Net assets released from restrictions	<u>358,933</u>	<u>(358,933)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>11,141,004</u>	<u>954,272</u>	<u>12,095,276</u>	<u>8,564,935</u>
EXPENSES				
Program services	10,354,432	-	10,354,432	8,058,877
Supporting services				
General and administrative	478,293	-	478,293	277,635
Fundraising	<u>554,538</u>	<u>-</u>	<u>554,538</u>	<u>398,410</u>
Total expenses	<u>11,387,263</u>	<u>-</u>	<u>11,387,263</u>	<u>8,734,922</u>
CHANGE IN NET ASSETS	(246,259)	954,272	708,013	(169,987)
NET ASSETS				
Beginning of year	<u>431,908</u>	<u>358,933</u>	<u>790,841</u>	<u>960,828</u>
End of year	<u>\$ 185,649</u>	<u>\$ 1,313,205</u>	<u>\$ 1,498,854</u>	<u>\$ 790,841</u>

See accompanying notes

TRAVIS MANION FOUNDATION

STATEMENT OF ACTIVITIES

Year ended March 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 3,188,670	\$ 358,933	\$ 3,547,603
In-kind contributions	4,325,120	-	4,325,120
Program service revenue	655,204	-	655,204
Investment income	2,591	-	2,591
Sales, net of cost of goods sold of \$67,379	34,417	-	34,417
Net assets released from restrictions	<u>278,200</u>	<u>(278,200)</u>	<u>-</u>
Total revenue and support	<u>8,484,202</u>	<u>80,733</u>	<u>8,564,935</u>
EXPENSES			
Program services	8,058,877	-	8,058,877
Supporting services			
General and administrative	277,635	-	277,635
Fundraising	<u>398,410</u>	<u>-</u>	<u>398,410</u>
Total expenses	<u>8,734,922</u>	<u>-</u>	<u>8,734,922</u>
CHANGE IN NET ASSETS	(250,720)	80,733	(169,987)
NET ASSETS			
Beginning of year	<u>682,628</u>	<u>278,200</u>	<u>960,828</u>
End of year	<u>\$ 431,908</u>	<u>\$ 358,933</u>	<u>\$ 790,841</u>

See accompanying notes

TRAVIS MANION FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year ended March 31, 2018 with comparative totals for 2017

	<u>Program Services</u>				<u>Supporting Services</u>		<u>Totals</u>	
	<u>Community</u>	<u>Character</u>	<u>Veteran</u>	<u>Total</u>	<u>General</u>	<u>Fundraising</u>	<u>2018</u>	<u>2017</u>
	<u>Activation</u>	<u>and</u>	<u>and</u>		<u>and</u>			
Salaries and related expenses								
Salaries	\$ 631,087	\$ 526,953	\$ 731,693	\$ 1,889,733	\$ 138,252	\$ 211,936	\$ 2,239,921	\$ 1,660,731
Payroll taxes and benefits	81,330	66,406	100,244	247,980	18,816	26,498	293,294	217,244
Total salaries and related expenses	712,417	593,359	831,937	2,137,713	157,068	238,434	2,533,215	1,877,975
Advertising	62,023	47,819	63,240	173,082	30,749	14,674	218,505	177,785
Consulting and outside services	34,464	38,940	57,146	130,550	22,710	25,008	178,268	111,684
Depreciation and amortization	342	171	342	855	22,125	-	22,980	12,321
Equipment and services	22,374	2,241	5,927	30,542	1,562	1,474	33,578	27,554
Event registration	38,270	14	19,781	58,065	-	10,352	68,417	82,031
Grants	308,616	83,109	364,837	756,562	20,531	300	777,393	625,904
Insurance	23,604	1,513	2,064	27,181	11,181	516	38,878	47,413
Licenses and permits	9,039	59	81	9,179	47	2,022	11,248	12,012
Meetings and events	9,762	80,937	79,539	170,238	5,235	34,332	209,805	144,509
Occupancy	59,980	44,223	85,311	189,514	23,511	26,094	239,119	247,969
Other	11,209	10,841	23,530	45,580	44,480	48,886	138,946	108,556
Postage and shipping	15,258	7,906	10,844	34,008	15,455	15,486	64,949	69,643
Printing	6,874	5,485	6,163	18,522	331	16,526	35,379	26,012
Professional fees	253,889	113,074	98,342	465,305	16,278	38,181	519,764	295,420
Supplies	249,835	90,966	137,566	478,367	55,276	52,413	586,056	451,617
Telephone	7,312	8,397	11,222	26,931	2,864	2,843	32,638	31,430
Travel	3,073	48,058	6,851	57,982	39,909	20,451	118,342	59,967
Subtotal	1,828,341	1,177,112	1,804,723	4,810,176	469,312	547,992	5,827,480	4,409,802
In-kind expenses	4,677,501	279,043	587,712	5,544,256	8,981	6,546	5,559,783	4,325,120
Total expenses	\$ 6,505,842	\$ 1,456,155	\$ 2,392,435	\$ 10,354,432	\$ 478,293	\$ 554,538	\$ 11,387,263	\$ 8,734,922

See accompanying notes

TRAVIS MANION FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year ended March 31, 2017

	Program Services				Supporting Services		
	Community Activation	Character and Leadership Development	Veteran and Survivor Support	Total	General and Administrative	Fundraising	Total
Salaries and related expenses							
Salaries	\$ 262,775	\$ 410,362	\$ 699,646	\$ 1,372,783	\$ 99,487	\$ 188,461	\$ 1,660,731
Payroll taxes and benefits	17,630	61,400	85,768	164,798	17,925	34,521	217,244
Total salaries and related expenses	280,405	471,762	785,414	1,537,581	117,412	222,982	1,877,975
Advertising	33,099	54,549	87,308	174,956	1,701	1,128	177,785
Consulting and outside services	17,855	32,317	36,235	86,407	12,742	12,535	111,684
Depreciation and amortization	2,549	2,548	2,637	7,734	2,294	2,293	12,321
Equipment and services	18,161	2,987	4,092	25,240	1,219	1,095	27,554
Event registration	60,919	-	21,112	82,031	-	-	82,031
Grants	214,416	99,890	311,598	625,904	-	-	625,904
Insurance	22,371	4,006	5,595	31,972	14,298	1,143	47,413
Licenses and permits	11,817	72	123	12,012	-	-	12,012
Meetings and events	19,268	69,767	53,636	142,671	1,133	705	144,509
Occupancy	62,732	44,311	93,616	200,659	31,750	15,560	247,969
Other	25,939	14,223	24,361	64,523	9,160	34,873	108,556
Postage and shipping	25,814	5,256	9,440	40,510	10,529	18,604	69,643
Printing	1,932	5,181	4,221	11,334	2,488	12,190	26,012
Professional fees	129,246	69,333	43,039	241,618	15,772	38,030	295,420
Supplies	169,975	136,366	104,551	410,892	26,510	14,215	451,617
Telephone	4,658	8,397	10,275	23,330	4,088	4,012	31,430
Travel	-	11,914	20,490	32,404	18,787	8,776	59,967
Subtotal	1,101,156	1,032,879	1,617,743	3,751,778	269,883	388,141	4,409,802
In-kind expenses	4,099,026	36,269	171,804	4,307,099	7,752	10,269	4,325,120
Total expenses	\$ 5,200,182	\$ 1,069,148	\$ 1,789,547	\$ 8,058,877	\$ 277,635	\$ 398,410	\$ 8,734,922

See accompanying notes

TRAVIS MANION FOUNDATION

STATEMENTS OF CASH FLOWS

Years ended March 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 708,013	\$ (169,987)
<i>Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities</i>		
Depreciation and amortization	22,980	12,321
(Increase) decrease in		
Accounts receivable	(653,841)	32,646
Inventory	(6,905)	(32,450)
Prepaid expenses	(116,706)	(5,558)
Increase (decrease) in		
Accounts payable and accrued expenses	50,610	58,592
Deferred revenue	<u>(1,204)</u>	<u>5,380</u>
Net cash provided by (used for) operating activities	2,947	(99,056)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of other assets	<u>(37,650)</u>	<u>(50,850)</u>
Net change in cash and cash equivalents	(34,703)	(149,906)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>639,208</u>	<u>789,114</u>
End of year	<u>\$ 604,505</u>	<u>\$ 639,208</u>

See accompanying notes

TRAVIS MANION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2018 and 2017

(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 Activation

Travis Manion Foundation members, led by Veterans and Survivors, unite communities to strengthen America's national character. Through Operation Legacy service projects, TMF members share the legacy of character of fallen heroes through organizing large scale community service projects that unite veterans, survivors, young adults, and all community members to address their community's greatest need. Operation Legacy service projects are executed throughout the year with focused campaigns in both April and November that activated over 3,500 participants in 90 locations to serve in 2017. TMF also activates communities through a national 5k race series, the 9/11 Heroes Run. These community events are organized in more than 50 locations with more than 50,000 participants annually--both nationally and internationally--to honor the heroes of 9/11 and the wars since.

Veteran and Survivor Support

TMF empowers veterans and families of fallen heroes to thrive in their post-military lives through professional training and life-changing experiences. TMF's Veteran Transition Workshops provide individualized tools and resources that aid service members in leveraging their strengths and passions to thrive personally and professionally in both their career and how they continue to serve. Additionally, Leadership Expeditions provide the top volunteer leaders--both veterans and survivors-- throughout the country with an intensive training week where they receive education and resources for professional development and personal growth. Participants gain a better understanding of their personal character strengths and improve their leadership skills to prepare them to take on increased volunteer roles within TMF.

Also, families of fallen heroes are empowered to flourish on their personal journeys of healing through service-based Expeditions. Service Expeditions are week-long projects for families of the fallen to serve communities in need, in honor of their lost love ones. They provide camaraderie, support, and renewed purpose to surviving family members. Veterans and survivors continue to develop strong relationships and feel a sense of purpose beyond transition workshops and expeditions by being involved members and participating in TMF events throughout the year.

Character and Leadership Development

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 adult student groups 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 and range in duration from a single day event to a multi-week course. In excess of 40,000 youth participate in Character Does Matter and 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, 2018 and 2017

Basis of Presentation

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

Unrestricted net assets

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

Temporarily restricted net assets

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

Permanently restricted net assets

Net assets that are subject to donor-imposed restrictions that such assets be maintained indefinitely.

TMF had no permanently restricted net assets at March 31, 2018 and 2017.

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. Accounts receivable are expected to be collected in 2019.

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 the 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 hierarchies 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.

TRAVIS MANION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2018 and 2017

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.

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 four years.

Deferred Revenue

Deferred revenue represents amounts received from program service revenue that have not been earned.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets 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 unrestricted support.

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 when the conditions are satisfied. 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 unrestricted support 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, TMF reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

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.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was \$218,505 in 2018 and \$177,785 in 2017.

Allocation of Expenses

The costs of providing the program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. The allocation of expenses to program, general and administrative and fundraising services is based on direct charges to those specifically identified with the respective services. Other expenses are allocated based upon the program and supporting services benefited.

TRAVIS MANION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2018 and 2017

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.

Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform to the presentation in the 2018 financial statements.

(3) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at March 31, 2018 and 2017:

	<u>Balance</u> <u>March 31, 2017</u>	<u>Additions</u>	<u>Released</u>	<u>Balance</u> <u>March 31, 2018</u>
Purpose restrictions				
Character Does Matter	\$115,000	\$ 381,760	\$115,000	\$ 381,760
Community activities	-	294,100	-	294,100
Veteran and Survivor support	100,000	370,000	100,000	370,000
Special events	<u>143,933</u>	<u>267,345</u>	<u>143,933</u>	<u>267,345</u>
	<u>\$358,933</u>	<u>\$1,313,205</u>	<u>\$358,933</u>	<u>\$1,313,205</u>
	<u>Balance</u> <u>March 31, 2016</u>	<u>Additions</u>	<u>Released</u>	<u>Balance</u> <u>March 31, 2017</u>
Purpose restrictions				
Character Does Matter	\$ 50,000	\$115,000	\$ 50,000	\$115,000
Veteran and Survivor support	125,000	100,000	125,000	100,000
Special events	<u>103,200</u>	<u>143,933</u>	<u>103,200</u>	<u>143,933</u>
	<u>\$278,200</u>	<u>\$358,933</u>	<u>\$278,200</u>	<u>\$358,933</u>

(4) OPERATING LEASES

TMF leases its main office in Doylestown, Pennsylvania under a non-cancelable lease that expires January 2020. TMF also leases two satellite offices in Washington, D.C. and San Diego, California. The lease for the office in Washington, D.C. expires December 2019. The lease for the office in San Diego, California expires November 2018.

Rent expense, which is included in occupancy expense in the accompanying statements of functional expenses, was \$117,384 for 2018 and \$100,030 for 2017. The minimum annual lease commitments under these leases are \$106,977 for 2019 and \$51,163 for 2020.

TRAVIS MANION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2018 and 2017

(5) DONATED MATERIALS AND SERVICES

Certain donated materials and services received during 2018 and 2017 were recorded at their fair value and consisted of the following:

	<u>2018</u>	<u>2017</u>
Advertising	\$5,175,059	\$3,863,777
Airfare	59,000	125,375
Consulting and other services	65,541	91,460
Marketing promotional materials	27,656	117,386
Rent	25,400	14,160
Supplies	<u>207,127</u>	<u>112,962</u>
	<u>\$5,559,783</u>	<u>\$4,325,120</u>

(6) RELATED PARTY TRANSACTIONS

A member of TMF's Board of Directors is the father of TMF's President, who is a non-voting member of the Board of Directors.

(7) SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 24, 2018, the date on which the financial statements were available to be issued. No material subsequent events have occurred since March 31, 2018 that required recognition or disclosure in the financial statements.