

**TRAVIS MANION FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

(See Independent Auditors' Report)



## TABLE OF CONTENTS

Independent Auditors' Report	3-4
Statements of Financial Position	5
Statements of Activities and Changes in Net Assets	6
Schedules of Functional Expenses	7
Statements of Cash Flows	8
Notes to Financial Statements	9-15



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Travis Manion Foundation  
Doylestown, PA

We have audited the accompanying financial statements of the Travis Manion Foundation (a nonprofit organization) which comprise the statement of financial position as of December 31, 2014, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Travis Manion Foundation, as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## *Report on Summarized Comparative Information*

We have previously audited the Travis Manion Foundation's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 6, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Bee, Bergvall & Co*

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

July 27, 2015

TRAVIS MANION FOUNDATION

Statements of Financial Position

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and cash equivalents	\$ 937,263	\$ 1,168,716
Pledges receivable	261,888	51,645
Other receivables	1,960	1,462
Inventory	46,472	10,261
Prepaid expenses	27,488	25,233
Total Current Assets	<u>1,275,071</u>	<u>1,257,317</u>
Furniture and Equipment, net	14,851	7,817
Other assets	17,286	13,291
TOTAL ASSETS	<u>\$ 1,307,208</u>	<u>\$ 1,278,425</u>

<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities		
Accounts payable	\$ 87,024	\$ 59,840
Accrued expenses	147,628	184,243
Total Current Liabilities	<u>234,652</u>	<u>244,083</u>
Net Assets		
Unrestricted	754,356	989,342
Temporarily restricted	318,200	45,000
Total Net Assets	<u>1,072,556</u>	<u>1,034,342</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,307,208</u>	<u>\$ 1,278,425</u>

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



TRAVIS MANION FOUNDATION

Statements of Activities and Changes in Net Assets

For the Year Ended December 31, 2014

With Summarized Comparative Totals for the Year Ended December 31, 2013

	2014			2013
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
Public Support and Revenue				
Public Support				
Contributions	\$ 2,229,278	\$ 318,200	\$ 2,547,478	\$ 1,943,989
In-kind contributions	3,763,144	-	3,763,144	4,501,409
Program service revenue	508,699	-	508,699	389,148
Investment income	770	-	770	6,411
Sales, net of cost of goods sold of \$81,534	11,292	-	11,292	27,414
	6,513,183	318,200	6,831,383	6,868,371
Net assets released from restrictions	45,000	(45,000)	-	-
Total Public Support and Revenue	6,558,183	273,200	6,831,383	6,868,371
Expenses				
Program services	5,988,190	-	5,988,190	6,384,080
Supporting services				
General and Administrative	247,856	-	247,856	237,140
Fundraising	557,123	-	557,123	255,793
Total Expenses	6,793,169	-	6,793,169	6,877,013
Change in Net Assets	(234,986)	273,200	38,214	(8,642)
Net Assets - Beginning of Year	989,342	45,000	1,034,342	1,042,984
Net Assets - End of Year	\$ 754,356	\$ 318,200	\$ 1,072,556	\$ 1,034,342

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

TRAVIS MANION FOUNDATION

Statements of Functional Expenses

For the Year Ended December 31, 2014

With Summarized Comparative Totals for the Year Ended December 31, 2013

	2014						2013	
	Charitable Investments and Community Activation	Character and Leadership Development	Veteran and Survivor Support	Total Program Expenses	General and Administrative	Fund Raising	Total Expenses	Total Expenses
Salaries and Related Expenses								
Salaries	\$ 158,490	\$ 165,747	\$ 350,331	\$ 674,568	\$ 125,666	\$ 164,145	\$ 964,379	\$ 675,513
Payroll taxes and benefits	17,583	19,335	36,070	72,988	15,849	21,776	110,613	77,120
Total Salaries and Related Expenses	<u>176,073</u>	<u>185,082</u>	<u>386,401</u>	<u>747,556</u>	<u>141,515</u>	<u>185,921</u>	<u>1,074,992</u>	<u>752,633</u>
Grants	164,250	31,470	453,845	649,565	-	-	649,565	536,409
Supplies	184,273	37,171	50,229	271,673	1,404	19,442	292,519	257,471
Professional fees	95,247	54,144	64,440	213,831	9,992	17,887	241,710	231,720
Travel	20,493	33,733	114,059	168,285	11,937	11,930	192,152	130,184
Advertising	13,805	28,960	16,412	59,177	2,347	5,155	66,679	73,961
Meetings and events	16,620	45,910	38,156	100,686	864	42	101,592	111,108
Consulting and outside services	12,947	12,575	24,549	50,071	5,031	19,992	75,094	46,419
Occupancy	14,709	10,570	34,774	60,053	20,567	12,379	92,999	84,579
Event registration	20,746	-	2,487	23,233	-	10,910	34,143	24,830
Other business expenses	2,947	819	5,999	9,765	2,004	22,100	33,869	29,067
Insurance	22,620	1,154	6,460	30,234	3,174	1,534	34,942	25,709
Equipment and services	15,577	112	894	16,583	2,171	-	18,754	26,532
Postage and shipping	24,846	3,294	5,231	33,371	3,518	12,619	49,508	18,520
Printing	1,461	2,873	3,261	7,595	4,314	14,010	25,919	8,079
Telephone	1,526	4,858	6,664	13,048	8,000	7,188	28,236	14,063
Licenses and permits	12,985	-	-	12,985	-	-	12,985	10,828
Depreciation and amortization	956	957	1,048	2,961	702	704	4,367	2,498
In-kind expenses	3,428,408	66,170	22,940	3,517,518	30,316	215,310	3,763,144	4,492,403
Total Expenses	<u>\$ 4,230,489</u>	<u>\$ 519,852</u>	<u>\$ 1,237,849</u>	<u>\$ 5,988,190</u>	<u>\$ 247,856</u>	<u>\$ 557,123</u>	<u>\$ 6,793,169</u>	<u>\$ 6,877,013</u>

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



TRAVIS MANION FOUNDATION

Statements of Cash Flows

For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ 38,214	\$ (8,642)
Adjustments to reconcile change in net assets to net cash provided by (used in) operations		
Donated goods and services provided	(3,763,144)	(4,501,409)
Donated goods and services expensed	3,763,144	4,492,403
Depreciation and amortization	4,367	2,498
(Increase) decrease in:		
Contributions receivable	(210,243)	(37,590)
Other receivables	(498)	(1,447)
Inventory	(36,211)	16,176
Prepaid expenses	(2,255)	(14,118)
Deposits	(4,850)	1,100
(Decrease) increase in:		
Accounts payable and accrued expenses	27,184	2,138
Accrued expenses	(36,615)	146,415
Net cash provided by (used in) operating activities	<u>(220,907)</u>	<u>97,524</u>
 Cash flows from investing activities		
Purchase of property and equipment	<u>(10,546)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(10,546)</u>	<u>-</u>
 Net increase (decrease) in cash and cash equivalents	(231,453)	97,524
 Cash and cash equivalents - Beginning of Year	<u>1,168,716</u>	<u>1,071,192</u>
Cash and cash equivalents - End of Year	<u>\$ 937,263</u>	<u>\$ 1,168,716</u>
 Supplementary cash flows disclosure:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

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

TRAVIS MANION FOUNDATION

Notes to Financial Statements

(See Independent Auditors' Report)

**NOTE 1. Summary of Significant Accounting Principles**

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

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

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

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. The Organization has no permanently restricted assets as of December 31, 2014.

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



TRAVIS MANION FOUNDATION

Notes to Financial Statements

December 31, 2014

(See Independent Auditors' Report)

**NOTE 1. Summary of Significant Accounting Principles (Continued)**

Cash and Cash Equivalents: The Organization considers all cash balances and highly liquid investments purchased with an initial maturity of three months or less. Money market accounts are considered cash equivalents.

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

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

Realized gain(loss)	\$ (2,149)
Interest & Dividends	<u>2,919</u>
	<u>\$ 770</u>

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

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

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

TRAVIS MANION FOUNDATION

Notes to Financial Statements

December 31, 2014

(See Independent Auditors' Report)

**NOTE 1. Summary of Significant Accounting Principles (Continued)**

Tax Exempt Status (continued):

As required by the FASB Accounting Standards Codification, entities are required to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties. This standard had no impact on the Organization's financial statements. The Organization's federal tax return is subject to audit by taxing authorities. The Organization's returns open audit periods are for the fiscal years ending December 31, 2011-2013.

Donated Facilities, Materials, and Services: Donations of materials are recorded as support at their estimated fair market value. Such donations are reported as unrestricted revenue unless the donor has restricted the donation to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. For the year ended December 31, 2014, \$3,763,144 of donated services and materials was recognized.

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

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

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

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



TRAVIS MANION FOUNDATION

Notes to Financial Statements

December 31, 2014

(See Independent Auditors' Report)

**NOTE 1. Summary of Significant Accounting Principles (Continued)**

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

Advertising Costs: Advertising costs are expensed as incurred. Advertising costs totaled \$66,679 for the year ended December 31, 2014.

Allocation of Functional Expenses: Allocation of expenses to program, general and administrative, and fundraising is based on direct charges to those specifically identified with the respective programs. Other expenses are allocated in accordance with appropriate bases.

Reclassifications: Certain amounts have been reclassified in the prior year to conform with the current year presentation.

Comparative Information: The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting policies generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

**NOTE 2. Temporarily Restricted Net Assets**

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

Character Does Matter Program	\$ 200,000
2015 Leesburg, GA Heroes Run	10,000
Survivor & Veterans Support	96,600
World Trade Center Project	11,600
	<u>\$ 318,200</u>



TRAVIS MANION FOUNDATION

Notes to Financial Statements

December 31, 2014

(See Independent Auditors' Report)

**NOTE 3. Net Assets Released from Restriction**

For the year ended December 31, 2014, the following net assets were released from restriction during the:

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

**NOTE 4. Property and Equipment**

Property and equipment consisted of the following at December 31, 2014:

Equipment	\$ 3,125
Furniture	6,900
Computers	<u>13,314</u>
	23,339
Accumulated Depreciation	<u>(8,488)</u>
	<u>\$ 14,851</u>

Depreciation expense was \$3,511 for the year ended December 31, 2014. The expense was charged to program and supporting activities in the statement of activities.

**NOTE 5. Leases**

In February of 2014, the Foundation entered into a 24 month lease agreement for its headquarters in Doylestown, PA at which time it will renew on a month to month basis if not terminated by either party. Rental expense for the year was \$33,000. The lease commitments are as follows:

<u>For the year ended:</u>	
December 31, 2015	\$ 36,000
December 31, 2016	<u>3,000</u>
	<u>\$ 39,000</u>

TRAVIS MANION FOUNDATION

Notes to Financial Statements

December 31, 2014

(See Independent Auditors' Report)

**NOTE 6. Special Events**

During 2014, the Organization held various fund raising events. The table below summarizes support received from these events, less costs for the direct benefits provided.

	<u>Gala</u>	Janet Manion <u>Memorial</u>	Marine Corp <u>Marathon</u>	Golf <u>Outings</u>
Proceeds	\$ 381,746	\$ 25,531	\$ 130,018	\$ 237,300
Expense	<u>174,704</u>	<u>20,898</u>	<u>72,024</u>	<u>114,642</u>
	<u>\$ 207,042</u>	<u>\$ 4,633</u>	<u>\$ 57,994</u>	<u>\$ 122,658</u>

The proceeds and revenue above is included in the appropriate line in the financial statements. Included in the \$20,898 expenses for the Janet Manion Memorial is a \$5,000 educational grant given to the Freeman Project.

**NOTE 7. Contributed Goods and Services**

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

Advertising	\$ 3,544,515
Cloud based software user licenses	15,000
Consulting and other services	60,000
Marketing promotional materials	23,317
Photography and entertainment	15,685
Supplies	77,807
Rent	13,253
Miscellaneous	<u>13,567</u>
	<u>\$ 3,763,144</u>

TRAVIS MANION FOUNDATION

Notes to Financial Statements

December 31, 2014

(See Independent Auditors' Report)

**NOTE 8. Functional Allocation of Expenses**

The cost of providing the various programs and supporting services of the Organization have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. For the year ended December 31, 2014, functional expenses by type were as follows:

Program Services	88.2%
General and Administrative	3.6%
Fund Raising	<u>8.2%</u>
	<u>100.0%</u>

**NOTE 9. Related Party Transactions**

The Chairman of the Foundation Board of Directors is a co-owner of an event company providing services for the Foundation's annual Gala Awards Dinner. In 2014, the Chairman's company received \$28,632 from the Foundation for services rendered; additionally, the Foundation recorded \$60,000 in donated services.

A member of the Foundation Board of Directors is the father of the Foundation's President, who is also on the Board of Directors.

**NOTE 10. Concentration of Credit Risk**

The Organization maintains cash accounts that, at time may exceed federally-insured limits. At December 31, 2014, the bank balance exceeded federally insured limits by \$305,482.

**NOTE 11. Subsequent Events**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.