TRAVIS MANION FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2016

(See Independent Auditors' Report)

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BEE BERGVALL & CO.
Certified Public Accountants

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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 March 31, 2016, 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 auditors' 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 March 31, 2016, 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.

Bee, Bergvall & Co.

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

August 3, 2016

TRAVIS MANION FOUNDATION

Statement of Financial Position

March 31, 2016

ASSETS

	2016
Current Assets	
Cash and cash equivalents	$ 789,114
Pledges receivable	195,469
Other receivables	51,812
Inventory	53,170
Prepaid expenses	36,096
Total Current Assets	1,125,661
Furniture and Equipment, net	11,466
Other Assets	16,217
TOTAL ASSETS	$ 1,153,344

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	$ 68,362
Accrued expenses	124,154
Total Current Liabilities	192,516
Net Assets	
Unrestricted	682,628
Temporarily restricted	278,200
Total Net Assets	960,828
TOTAL LIABILITIES AND NET ASSETS	$ 1,153,344

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

TRAVIS MANION FOUNDATION

Statement of Activities and Changes in Net Assets

For the Year Ended March 31, 2016

	2016		
	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue			
Public Support			
Contributions	$ 3,062,795	$ 278,200	$ 3,340,995
In-kind contributions	3,740,927	-	3,740,927
Program service revenue	634,755	-	634,755
Investment income	4,283	-	4,283
Sales, net of cost of goods sold of $68,429	25,733	-	25,733
	7,468,493	278,200	7,746,693
Net assets released from restrictions	230,450	(230,450)	-
Total Public Support and Revenue	7,698,943	47,750	7,746,693
Expenses			
Program services	6,765,086	-	6,765,086
Supporting services			
General and administrative	324,914	-	324,914
Fundraising	394,534	-	394,534
Total Expenses	7,484,534	-	7,484,534
Change in Net Assets	214,409	47,750	262,159
Net Assets - Beginning of Year	468,219	230,450	698,669
Net Assets - End of Year	$ 682,628	$ 278,200	$ 960,828

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TRAVIS MANION FOUNDATION

Schedules of Functional Expenses

For the Year Ended March 31, 2016

	2016						
	Charitable Investments and Community Activation	Character and Leadership Development	Veteran and Survivor Support	Total Program Expenses	General and Administrative	Fund Raising	Total Expenses
Salaries and Related Expenses							
Salaries	$ 259,450	$ 279,131	$ 428,421	$ 967,002	$ 71,712	$ 190,594	$ 1,229,308
Payroll taxes and benefits	31,752	39,585	54,838	126,175	11,330	26,388	163,893
Total Salaries and Related Expenses	291,202	318,716	483,259	1,093,177	83,042	216,982	1,393,201
Grants	349,965	70,855	341,436	762,256	-	-	762,256
Supplies	152,779	75,792	73,584	302,155	13,624	10,103	325,882
Professional fees	115,828	100,172	71,074	287,074	3,442	36,624	327,140
Travel	7,808	15,588	8,637	32,033	10,562	16,292	58,887
Advertising	48,098	53,002	82,301	183,401	163	3,261	186,825
Meetings and events	12,673	52,820	69,645	135,138	342	14,006	149,486
Consulting and outside services	14,744	21,573	28,816	65,133	4,191	16,085	85,409
Occupancy	22,250	24,705	52,079	99,034	11,990	12,189	123,213
Event registration	36,398	-	12,510	48,908	-	-	48,908
Other business expenses	12,102	9,150	58,782	80,034	11,609	23,110	114,753
Insurance	29,838	2,691	3,479	36,008	1,125	685	37,818
Equipment and services	19,713	1,123	2,233	23,069	565	698	24,332
Postage and shipping	24,804	3,212	5,015	33,031	2,876	5,693	41,600
Printing	3,787	3,003	4,047	10,837	334	9,202	20,373
Telephone	3,451	7,261	9,928	20,640	1,909	4,727	27,276
Licenses and permits	10,861	-	-	10,861	50	-	10,911
Depreciation and amortization	1,153	1,152	1,240	3,545	896	896	5,337
In-kind expenses	3,456,291	59,389	23,072	3,538,752	178,194	23,981	3,740,927
Total Expenses	$ 4,613,745	$ 820,204	$ 1,331,137	$ 6,765,086	$ 324,914	$ 394,534	$ 7,484,534

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

TRAVIS MANION FOUNDATION

Statement of Cash Flows

For the Year Ended March 31, 2016

	2016
Cash Flows from Operating Activities:	
Change in net assets	$ 262,159
Adjustments to reconcile change in net assets	
to net cash provided by (used in) operations	
Donated goods and services provided	(3,740,927)
Donated goods and services expensed	3,740,927
Depreciation and amortization	5,337
(Increase) decrease in:	
Contributions receivable	8,331
Other receivables	(51,099)
Inventory	(8,862)
Prepaid expenses	(3,705)
(Decrease) increase in:	
Accounts payable and accrued expenses	42,489
Accrued expenses	(5,885)
Net Cash Provided by (Used in) Operating Activities	248,765
Net Increase (Decrease) in Cash and Cash Equivalents	248,765
Cash and Cash Equivalents - Beginning of Year	540,349
Cash and Cash Equivalents - End of Year	$ 789,114
Supplementary Cash Flows Disclosure:	
Interest Paid	$ -
In-kind Expenses	$ 3,740,927

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

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 March 31, 2016.

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.

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)	$	1,991
Interest & Dividends		2,292
	$	4,283

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 $5,000 are capitalized at cost. Major replacements and betterments are capitalized while maintenance and repairs are expensed as incurred.

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

Tax Exempt Status: The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. No current tax obligation exists on the Federal or State level. Additionally, the Organization has been classified as a Foundation that is not a private foundation under Section 509(a)(2). As required by the FASB Accounting Standards Codification, entities are required to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties. This standard had no impact on the Organization's financial statements. The Organization's federal tax return is subject to audit by taxing authorities. The Organization's returns open audit periods are for the fiscal years ending December 31, 2013-2014 and March 31, 2015.

NOTE 1. Summary of Significant Accounting Principles (Continued)

Donated Facilities, Materials, and Services: Donations of materials are recorded as support at their estimated fair market value. Such donations are reported as unrestricted revenue unless the donor has restricted the donation to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. For the year ended March 31, 2016, $3,740,927 of donated services and materials were recognized.

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

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

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

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

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

Advertising Costs: Advertising costs are expensed as incurred. Advertising costs totaled $186,825 for the year ended March 31, 2016.

NOTE 1. Summary of Significant Accounting Principles (Continued)

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 basis.

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.

NOTE 2. Temporarily Restricted Net Assets

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

Survivor and Veterans Support	$ 125,000
Special Events	103,200
Character Does Matter	50,000
	$ 278,200

NOTE 3. Net Assets Released from Restriction

For the year ended March 31, 2016, the following net assets were released from restriction:

World Trade Center	$ 56,600
Character Does Matter Program	50,000
Annapolis Heroes Run	4,890
Special Events	118,960
	$ 230,450

NOTE 4. Property and Equipment

Property and equipment consisted of the following at March 31, 2016:

Equipment	$ 3,125
Furniture	6,900
Computers	15,475
	25,500
Accumulated Depreciation	(14,034)
	$ 11,466

Depreciation expense was $5,337 for the year ended March 31, 2016. 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 was renewed for 2 years with monthly rates of $3,000-$3,140. In June of 2016, the Foundation also entered into a 24 month lease for its San Diego office with monthly rates of $4,900-$5,047. Rental expense for the year ended March 31, 2016 was $36,140. The lease commitments are as follows:

For the year ended:	
March 31, 2017	$ 83,530
March 31, 2018	$ 91,597
March 31, 2019	$ 12,618

NOTE 6. 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	$ 3,325,523
Cloud based software user licenses	15,000
Marketing promotional materials	162,000
Supplies	232,404
Rent	6,000
	$ 3,740,927

NOTE 7. 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 March 31, 2016, functional expenses by type were as follows:

Program Services	90.4%
General and Administrative	4.3%
Fund Raising	5.3%
	100%

NOTE 8. Related Party Transactions

A member of the Foundation Board of Directors is the father of the Foundation's President, who is also on the Board of Directors (non-voting member).

NOTE 9. Concentration of Credit Risk

The Organization maintains cash accounts that, at time may exceed federally–insured limits. At March 31, 2016, the bank balance exceeded federally insured limits by $79,124.