Thanks U.S.A.

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITORS' REPORTS
DECEMBER 31, 2013 AND 2012

WATKINS | MEEGAN

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Independent Auditors' Report

Board of Directors
Thanks U.S.A.
McLean, Virginia

We have audited the accompanying financial statements of Thanks U.S.A., which comprise the statements of financial position as of December 31, 2013 and 2012, the related statements of activities and change in net assets and statements of 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.

Auditors' 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 audits 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 auditors consider 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 Thanks U.S.A. as of December 31, 2013 and 2012, and the change 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.

Watkins Meegan LLC

Bethesda, Maryland
November 12, 2014

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THANKS U.S.A.

STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31, 2013	December 31, 2012
CURRENT ASSETS		
Cash and Cash Equivalents	$ 995,393	$ 992,680
Accounts Receivable	4,500	7,915
Pledges Receivable, Current Portion	320,202	582,471
Prepaid Expense	26,697	23,135
Total Current Assets	1,346,792	1,606,201
INVESTMENTS	74,981	80,738
LONG-TERM PLEDGES RECEIVABLE, Net of Current Portion	62,954	240,150
OTHER ASSETS	51,792	60,788
	$ 1,536,519	$ 1,987,877

LIABILITIES AND NET ASSETS

	2013	2012
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 58,676	$ 65,397
Scholarships Payable	427,675	487,155
Total Current Liabilities	486,351	552,552
NET ASSETS		
Unrestricted	284,433	326,331
Temporarily Restricted	765,735	1,033,994
Permanently Restricted	-	75,000
Total Net Assets	1,050,168	1,435,325
	$ 1,536,519	$ 1,987,877

THANKS U.S.A.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

	Year Ended December 31,							
	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT								
Contributions	$ 1,049,877	$ 121,515	$ -	$ 1,171,392	$ 1,224,549	$ 191,925	$ -	$ 1,416,474
In-Kind Contributions	412,129	-	-	412,129	402,366	-	-	402,366
Unrealized Gain on Investments	3,569	-	-	3,569	825	-	-	825
Interest Income	744	-	-	744	458	-	-	458
Other Income	-	-	-	-	-	-	-	-
Loss on Pledge Receivable	-	-	-	-	-	(50,000)	-	(50,000)
Net Assets Released from Restrictions –								
Satisfaction of Program Restrictions	464,774	(464,774)	-	-	97,673	(97,673)	-	-
Total Revenue and Support	1,931,093	(343,259)	-	1,587,834	1,725,871	44,252	-	1,770,123
EXPENSES								
Program Services								
Scholarship Program	1,683,576	-	-	1,683,576	1,622,588	-	-	1,622,588
Treasure Hunt	52,737	-	-	52,737	68,957	-	-	68,957
Total Program Services	1,736,313	-	-	1,736,313	1,691,545	-	-	1,691,545
Supporting Services								
General and Administrative	131,047	-	-	131,047	176,441	-	-	176,441
Fundraising	105,631	-	-	105,631	131,283	-	-	131,283
Total Supporting Services	236,678	-	-	236,678	307,724	-	-	307,724
Total Expenses	1,972,991	-	-	1,972,991	1,999,269	-	-	1,999,269
CHANGE IN NET ASSETS BEFORE RECLASSIFICATION OF RESTRICTED CONTRIBUTIONS	(41,898)	(343,259)	-	(385,157)	(273,398)	44,252	-	(229,146)
Reclassification of Restricted Contributions	-	75,000	(75,000)	-	-	-	-	-
CHANGE IN NET ASSETS	(41,898)	(268,259)	(75,000)	(385,157)	(273,398)	44,252	-	(229,146)
NET ASSETS, Beginning of Year	326,331	1,033,994	75,000	1,435,325	599,729	989,742	75,000	1,664,471
NET ASSETS, End of Year	$ 284,433	$ 765,735	$ -	$ 1,050,168	$ 326,331	$ 1,033,994	$ 75,000	$ 1,435,325

The Accompanying Notes Are An Integral Part Of These Financial Statements

THANKS U.S.A.

STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (385,157)	$ (229,146)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Unrealized Gain on Investments	(3,569)	(825)
Bad Debt Expense	1,138	1,000
Loss on Pledge Receivable	-	50,000
Change in Discount on Pledge Receivable	(7,804)	(8,422)
Change in:		
Accounts Receivable	3,415	35,335
Pledges Receivable	446,131	114,805
Prepaid Expenses	(3,562)	1,239
Other Assets	8,996	(12,058)
Accounts Payable and Accrued Expenses	(6,721)	13,499
Scholarships Payable	(59,480)	2,655
Net Cash Used in Operating Activities	(6,613)	(31,918)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	-	(41,802)
Proceeds from the Sale of Investments	9,326	34,540
Net Cash Provided by (Used in) Investing Activities	9,326	(7,262)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,713	(39,180)
CASH AND CASH EQUIVALENTS, Beginning of Year	992,680	1,031,860
CASH AND CASH EQUIVALENTS, End of Year	$ 995,393	$ 992,680

The Accompanying Notes Are An Integral Part Of These Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Thanks U.S.A., which was formed and incorporated in the District of Columbia in October 2005, is a non-partisan, charitable effort to mobilize Americans of all ages to "thank" the men and women of the United States armed forces by providing college, technical and vocational school scholarships for their children and spouses.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when the obligations are incurred.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, Thanks U.S.A. considers cash in operating bank accounts and money funds to be cash and cash equivalents.

Revenue Recognition

Contributions, including unconditional promises to give, are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities and change in net assets as net assets released from restrictions. Contributions that are temporarily restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Receivables

Thanks U.S.A. records receivables, net of allowances for doubtful accounts when necessary. The need for allowances is determined based on a review of the estimated collectibility of the specific accounts, plus a general provision based on historical loss experience and existing economic conditions. Uncollectible amounts are charged off against the allowances for doubtful accounts once management determines an account, or a portion thereof, to be worthless.

At December 31, 2013 and 2012, all receivables are considered to be fully collectible, and, as such, no allowance for doubtful accounts has been provided for in these financial statements. There was no bad debt expense for the years ended December 31, 2013 and 2012.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable

Pledges receivable represents unconditional promises to give cash to Thanks U.S.A. Unconditional promises to give that are expected to be collected within one year are reflected as current pledges receivable and are recorded at their net realizable values in the period in which Thanks U.S.A. is notified by the donor of his or her commitment to make a contribution. Unconditional promises to give that are expected to be collected in future years are reflected as long-term pledges and are recorded at their net present value, using risk-adjusted interest rates. Amortization of the present value discount on pledges receivable are reflected as contribution income on the statements of activities and change in net assets. Management considers all pledges receivable to be fully collectible. Bad debt expense on current pledges receivable for the years ended December 31, 2013 and 2012 was $1,138 and $1,000, respectively.

In September 2010, Thanks U.S.A. was notified that it had been selected as a 2011 Partner of CharityWorks, an unrelated 501(c)(3) not-for-profit organization. As a Partner, CharityWorks held a fundraising campaign to benefit Thanks U.S.A., with a goal of raising $250,000 through contributions from the general public. The net proceeds of the fundraising campaign were to be disbursed to Thanks U.S.A. in two installments, with the first installment to be disbursed in January 2012 and the remainder to be disbursed in January 2013. As of December 31, 2011, CharityWorks had informed Thanks U.S.A. that $276,826 had been raised for ThanksUSA. Thanks U.S.A. received an initial payment of net proceeds totaling $155,688 in January 2012. During 2012, CharityWorks notified Thanks U.S.A. that the net proceeds would be $50,000 less than previously reported, which has been shown as a loss on pledge receivable on the statement of activities and change in net assets. As of December 31, 2012, the remaining balance of $71,138 is included in current pledges receivable on the statement of financial position. In 2013, $70,000 of this balance was collected and the remaining $1,138 was written off as part of bad debt expense at December 31, 2013 as noted in the previous paragraph.

Scholarships Payable

Scholarships payable represents the amount of money awarded for scholarships, but not yet disbursed to the recipients of the awards. Scholarships payable are expensed after the awardees have accepted the scholarship. Scholarships payable at December 31, 2013 and 2012 totaled $427,675 and $487,155, respectively.

Donated Materials and Services

Contributions of materials and services are recognized in the financial statements as in-kind contributions if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation. These services are recorded at their estimated fair values at the date of donation and are recognized in the financial statements as In-Kind Contributions. Thanks U.S.A. receives a substantial amount of donated prizes for the Treasure Hunt that are recorded at their fair value as of the date of donation. Donated materials and services for the years ended December 31, 2013 and 2012 totaled $412,129 and $402,366, respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Materials and Services (Continued)

During the year ended December 31, 2012, Thanks U.S.A. benefited from services contributed in the form of paid media such as public service announcements. In accordance with the *Revenue Recognition of Not-for-Profits* topic of the FASB Accounting Standards Codification (FASB ASC), the value of the services received by Thanks U.S.A. was not recorded in the financial statements. The amount of contributed services unrecorded by Thanks U.S.A. was estimated at approximately $802,000 for the year ended December 31, 2012. There were no contributed media services unrecorded by Thanks U.S.A. for the year ended December 31, 2013.

Other Assets

Other assets at December 31, 2013 and 2012 consists of the fair value of the Treasure Chest, which contains jewelry and the contents of the Treasure Chest that have been donated back to Thanks U.S.A. by past winners of the Treasure Hunt.

Web Site Development Costs

Web site development costs incurred during the application development stage have been capitalized. Subsequent costs to maintain and operate the Web site are expensed as incurred. Capitalized Web site development costs are amortized using the straight-line method over the estimate life of the website and are reported net of accumulated amortization expense.

Net Assets

Thanks U.S.A. reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. Permanently restricted net assets are required by donor restriction to invest the corpus in perpetuity and are treated as endowments. Investment return, which includes interest and dividends earned and realized and unrealized appreciation or depreciation on such net assets, is available for operations in accordance with donor restrictions. Investment return on permanently restricted net assets is recorded as temporarily restricted until appropriated for expenditure by the Board and time and purpose restrictions have been met. Once appropriated for expenditure and restrictions have been met, the amounts are transferred to unrestricted net assets to be used for their intended purpose.

Contributions that are temporarily restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Temporarily restricted net assets are transferred to unrestricted net assets and reported in the statements of activities and change in net assets as net assets released from restrictions when a stipulated time restriction ends or a purpose restriction is accomplished.

Unrestricted net assets are the portion of net assets that are neither temporarily nor permanently restricted by donor stipulations on their use.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Thanks U.S.A. is exempt from federal and state income taxes (except taxes on unrelated business income) under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Thanks U.S.A. had no federal and state taxable income for the years ended December 31, 2013 and 2012; therefore, the accompanying financial statements do not include a provision for federal or state income taxes. Thanks U.S.A. believes that it has appropriate support for any tax positions taken, and, as such, it does not have any uncertain tax positions that are material to the financial statements. Thanks U.S.A. recognizes interest expense and penalties related to income taxes on uncertain tax positions in accounts payable and accrued expenses in the statements of financial position and general and administrative expenses on the statements of activities and change in net assets. There is no provision in these financial statements for penalties and interest related to income taxes on uncertain tax positions for the years ended December 31, 2013 and 2012.

For tax years prior to 2010, Thanks U.S.A. is no longer subject to examination by the IRS or the tax jurisdiction of the District of Columbia.

Estimates

Management uses estimates and assumptions in preparing these financial statements in conformity with accounting principles generally accepted in the United States of America. 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 vary from the estimates that were used.

Concentration of Credit Risk

As of December 31, 2013, Thanks U.S.A. had balances of cash and cash equivalents in excess of Federal Deposit Insurance Corporation (FDIC) coverage. The amount of uninsured deposits at December 31, 2013 was approximately $513,000.

Functional Allocation of Expenses

Expenses have been summarized on a functional basis on the statements of activities and change in net assets. Accordingly, certain costs have been allocated among the programs, management and fundraising activities.

Reclassifications

Certain reclassifications have been made to the 2012 amounts in cash flows from operating activities to conform to the 2013 presentation. The reclassification had no other impact on financial position or change in net assets.

Subsequent Events

Thanks U.S.A. has evaluated subsequent events for potential recognition or disclosure through November 12, 2014, the date the financial statements were available to be issued.

NOTE 2 – PLEDGES RECEIVABLE

The pledges receivable balance consists of the following:

	December 31, 2013	December 31, 2012
Receivable in Less than One Year	$ 320,202	$ 582,471
Receivable in One to Five Years	65,000	250,000
Total Pledges Receivable	385,202	832,471
Less: Discounts to Net Present Value	2,046	9,850
Net Pledges Receivable	383,156	822,621
Less: Current Portion	320,202	582,471
Long-Term Pledges Receivable	$ 62,954	$ 240,150

Pledges receivable beyond one year are reflected at their net present value of estimated future cash flows using a discount rate of 3.25 percent. Current pledges receivable are shown at their net realizable value.

NOTE 3 – INVESTMENTS

In accordance with the *Investments in Debt and Equity Securities of Not-For-Profit* topic of the FASB ASC, investments in marketable equity securities, including certificates of deposit and structured products with readily determinable fair values are reported at their fair values in the statements of financial position. The structured products consist of certificates of deposit with exposure to the overall performance of the S&P 500 Index and Dow Jones Industrial Index. Donated investments are recognized in the financial statements at fair value on the date of donation and recorded as contributions on the statements of activities and change in net assets.

Investments consist of the following:

	December 31, 2013	December 31, 2012
Certificates of Deposit and Structured Products	$ 74,981	$ 80,738
	$ 74,981	$ 80,738

NOTE 4 – SCHOLARSHIP PROGRAM

Thanks U.S.A. has an agreement with Scholarship America, Inc. to manage the Thanks U.S.A. Scholarship Program. Scholarship America, Inc. is responsible for managing the program according to the conditions outlined in the program description, including receipt, acknowledgment and processing of all application materials, evaluation of applications, selection, notification of both recipients and nonrecipients, and making payments of awards to student recipients on behalf of Thanks U.S.A. Total fees paid to Scholarship America, Inc. for the years ended December 31, 2013 and 2012 were $53,000 and $53,000, respectively. At December 31, 2013 and 2012, Scholarship America, Inc. held $4,500 and $7,915, respectively, of Thanks U.S.A. funds to be used for future Thanks U.S.A. scholarships. Such funds are included in accounts receivable on the statements of financial position. Total scholarship awards and in-kind scholarships awards were $911,621 and $992,536 for the years ended December 31, 2013 and 2012, respectively.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	December 31, 2013	December 31, 2012
Scholarship Program	$ 682,949	$ 830,035
Treasure Hunt	82,786	203,959
	$ 765,735	$ 1,033,994

NOTE 6 – ENDOWMENT

Endowment

Thanks U.S.A.'s donor-restricted endowment consists of one Endowment Fund established for general purposes. The amount of the endowment was $0 and $75,000 at December 31, 2013 and 2012, respectively, and is included in investments and cash and cash equivalents at December 31, 2012 on the statements of financial position. Investment return on the endowment during the years ended December 31, 2013 and 2012 was not appropriated. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. In accordance with the donor specifications, $75,000 of endowment corpus and $8,514 of accumulated investment income have been reclassified from permanently restricted net assets to the temporarily restricted net assets for use in the scholarship program.

NOTE 6 – ENDOWMENT (Continued)

Permanently Restricted Net Assets – Interpretation of Relevant Law

The Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA), as enacted by Washington, DC on January 23, 2008, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Thanks U.S.A. classifies as permanently restricted net assets (a) the original value of gifts to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets.

In accordance with SPMIFA, Thanks U.S.A. considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of Thanks U.S.A. and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of Thanks U.S.A.
(7) The investment policies of Thanks U.S.A.

Fund with Deficiencies

From time to time, the fair value of the assets associated with the restricted endowment may fall below the level that the donor or SPMIFA requires Thanks U.S.A. to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, appropriations to fund the deficiencies come first from temporarily restricted balances not appropriated and then unrestricted net assets. If losses reduce the net assets of the restricted endowment fund below the level required by the donor stipulations or the law, gains that restore the fair value of the net assets of the endowment fund to the required level shall be classified as increases in unrestricted net assets. At December 31, 2013 and 2012, there were no deficiencies of this nature that are reported in unrestricted net assets.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Under the endowment fund spending policy dated October 20, 2008, Thanks U.S.A. shall be able to spend no more than 5 percent of the net value of the endowment fund per year (net value to be equal to the corpus and investment return on an annual basis at the close of each fiscal year), at the discretion of the Investment Committee, unless otherwise stipulated by the specified donor. After the Initial Funding Period, Thanks U.S.A. shall be able to expend only the interest and dividends earned on the accumulated fair value of the corpus. The principal of the Thanks U.S.A. endowment is to be invested in a prudent manner in accordance with Thanks U.S.A.'s Investment Policy under the direction of the Investment Committee.

NOTE 6 – ENDOWMENT (Continued)

The following is a summary of donor-restricted endowment funds subject to SPMIFA for the years ended December 31, 2013 and 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment Net Assets, January 1, 2012	$ 3,980	$ -	$ 75,000
Investment Income			
Interest and Dividend Income	430	-	-
Unrealized Gain	1,487	-	-
Total Investment Income	1,917	-	-
Contributions	-	-	-
Appropriations	-	-	-
	-	-	-
Endowment Net Assets, December 31, 2012	5,897	-	75,000
Investment Income			
Interest and Dividend Income	314	-	-
Unrealized Gain	2,303	-	-
Total Investment Income	2,617	-	-
Contributions	-	-	-
Appropriations	-	-	-
Reclassifications and Release to Temporarily Restricted Net Assets	(8,514)	-	(75,000)
Endowment Net Assets, December 31, 2013	$ -	$ -	$ -

The description of amounts classified as permanently restricted net assets and temporarily restricted net assets (endowment only) at December 31:

	2013	2012
Permanently Restricted Net Assets:		
The portion of donor-restricted endowment funds to be held in perpetuity that is required to be maintained either by explicit donor stipulation or by SPMIFA	$ -	$ 75,000
Temporarily Restricted Net Assets:		
The portion of donor-restricted endowment funds to be held in perpetuity subject to a time restriction under SPMIFA:		
Without Purpose Restrictions	$ -	$ -
With Purpose Restrictions	-	-
	$ -	$ -

NOTE 7 – FAIR VALUE MEASUREMENTS

Thanks U.S.A. has determined the fair value of certain assets through the application of the *Fair Value Measurement* topic of the FASB ASC. Fair value of assets measured on a recurring basis at December 31, 2013 and 2012 are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2013				
Certificates of Deposit and Structured Products	$ 74,981	$ -	$ 74,981	$ -
December 31, 2012				
Certificates of Deposit and Structured Products	$ 80,738	$ -	$ 80,738	$ -

This FASB ASC topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and provide the highest quality inputs; Level 2 inputs are based primarily on quoted prices for identical assets in inactive markets or similar assets or liabilities in active or inactive markets as significant other observable inputs; Level 3 inputs provide the lowest quality inputs because there are no significant observable inputs. Thanks U.S.A. uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Thanks U.S.A. measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. There have been no changes in the valuation methodologies used during the current year. All assets have been valued using a market approach. Certificates of deposit and structured products are classified as Level 2, as they are not exchange-traded investments and are valued using a market approach based on quoted prices from pricing sources utilized by investment managers. The fair value of structured products also reference market values based on the performance of market indexes related to the S&P 500 Index and Dow Jones Industrial Index.

THANKS U.S.A.

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2013 AND 2012

WATKINS | MEEGAN

Independent Auditors' Report On Supplementary Information

Board of Directors
Thanks U.S.A.
McLean, Virginia

We have audited the financial statements of Thanks U.S.A. as of and for the years ended December 31, 2013 and 2012, and have issued our report thereon dated November 12, 2014, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Watkins Meegan LLC

Bethesda, Maryland
November 12, 2014

THANKS U.S.A.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2013

	Program Services			Supporting Services			
	Scholarship Program	Treasure Hunt	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
EXPENSES							
Salaries and Benefits	$ 147,025	$ 22,027	$ 169,052	$ 22,026	$ 13,715	$ 35,741	$ 204,793
Scholarship Awards	831,350	-	831,350	-	-	-	831,350
Scholarship Awards – In-Kind	80,271	-	80,271	-	-	-	80,271
In-Kind Goods/Services	230,778	1,564	232,342	66,827	32,689	99,516	331,858
Consultants and Professional Fees	187,484	16,925	204,409	26,582	10,103	36,685	241,094
Meetings, Events and Conferences	87,396	-	87,396	3,479	8,208	11,687	99,083
Printing and Copying	5,638	-	5,638	228	958	1,186	6,824
Postage and Delivery	2,768	130	2,898	374	254	628	3,526
Treasure Hunt Prizes	-	7,000	7,000	-	-	-	7,000
Miscellaneous Expenses	3,709	992	4,701	7,409	720	8,129	12,830
Travel, Transportation and Meals	88,060	10	88,070	3,069	38,624	41,693	129,763
Telecommunications	2,950	639	3,589	247	347	594	4,183
Office Supplies	4,480	117	4,597	223	13	236	4,833
Taxes and Fees	-	-	-	4,732	-	4,732	4,732
Bank Fees	-	-	-	9,713	-	9,713	9,713
Bad Debt Expense	-	-	-	1,138	-	1,138	1,138
Indirect Cost Allocation	11,667	3,333	15,000	(15,000)	-	(15,000)	-
	$ 1,683,576	$ 52,737	$ 1,736,313	$ 131,047	$ 105,631	$ 236,678	$ 1,972,991

See Independent Auditors' Report

THANKS U.S.A.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2012

	Program Services			Supporting Services			
	Scholarship Program	Treasure Hunt	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
EXPENSES							
Salaries and Benefits	$ 114,253	$ 22,895	$ 137,148	$ 29,913	$ 8,061	$ 37,974	$ 175,122
Scholarship Awards	912,832	-	912,832	-	-	-	912,832
Scholarship Awards – In-Kind	79,704	-	79,704	-	-	-	79,704
In-Kind Goods/Services	138,825	-	138,825	111,350	64,331	175,681	314,506
Consultants and Professional Fees	193,011	18,993	212,004	23,908	7,925	31,833	243,837
Meetings, Events and Conferences	67,225	-	67,225	-	5,369	5,369	72,594
Printing and Copying	4,953	698	5,651	197	482	679	6,330
Postage and Delivery	2,511	491	3,002	185	467	652	3,654
Treasure Hunt Prizes	-	19,928	19,928	-	-	-	19,928
Miscellaneous Expenses	1,136	191	1,327	6,868	212	7,080	8,407
Travel, Transportation and Meals	96,768	181	96,949	54	44,035	44,089	141,038
Telecommunications	4,256	552	4,808	210	348	558	5,366
Office Supplies	2,114	28	2,142	34	53	87	2,229
Taxes and Fees	-	-	-	4,958	-	4,958	4,958
Bank Fees	-	-	-	7,764	-	7,764	7,764
Bad Debt Expense	-	-	-	1,000	-	1,000	1,000
Indirect Cost Allocation	5,000	5,000	10,000	(10,000)	-	(10,000)	-
	$ 1,622,588	$ 68,957	$ 1,691,545	$ 176,441	$ 131,283	$ 307,724	$ 1,999,269

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