Thanks U.S.A.

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITORS' REPORTS
DECEMBER 31, 2012 AND 2011

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 Thanks U.S.A., which comprise the statements of financial position as of December 31, 2012 and 2011, 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, 2012 and 2011, 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
October 31, 2013

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THANKS U.S.A.

STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31, 2012	December 31, 2011
CURRENT ASSETS		
Cash and Cash Equivalents	$ 992,680	$ 1,031,860
Accounts Receivable	7,915	43,250
Pledges Receivable, Current Portion	582,471	543,804
Prepaid Expense	23,135	24,374
Total Current Assets	1,606,201	1,643,288
INVESTMENTS	80,738	72,651
LONG-TERM PLEDGES RECEIVABLE, Net of Current Portion	240,150	436,200
OTHER ASSETS	60,788	48,730
	$ 1,987,877	$ 2,200,869

LIABILITIES AND NET ASSETS

	December 31, 2012	December 31, 2011
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 65,397	$ 51,898
Scholarships Payable	487,155	484,500
Total Current Liabilities	552,552	536,398
NET ASSETS		
Unrestricted	326,331	599,729
Temporarily Restricted	1,033,994	989,742
Permanently Restricted	75,000	75,000
Total Net Assets	1,435,325	1,664,471
	$ 1,987,877	$ 2,200,869

THANKS U.S.A.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

	Year Ended December 31,							
	2012				2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT								
Contributions	$ 1,224,549	$ 191,925	$ -	$ 1,416,474	$ 1,516,348	$ 705,159	$ -	$ 2,221,507
In-Kind Contributions	402,366	-	-	402,366	433,494	-	-	433,494
Unrealized Gain on Investments	825	-	-	825	1,794	-	-	1,794
Interest Income	458	-	-	458	768	-	-	768
Other Income	-	-	-	-	280	-	-	280
Loss on Pledge Receivable	-	(50,000)	-	(50,000)	-	-	-	-
Net Assets Released from Restrictions – Satisfaction of Program Restrictions	97,673	(97,673)	-	-	65,251	(65,251)	-	-
Total Revenue and Support	1,725,871	44,252	-	1,770,123	2,017,935	639,908	-	2,657,843
EXPENSES								
Program Services								
Scholarship Program	1,622,588	-	-	1,622,588	1,634,925	-	-	1,634,925
Treasure Hunt	68,957	-	-	68,957	65,251	-	-	65,251
Total Program Services	1,691,545	-	-	1,691,545	1,700,176	-	-	1,700,176
Supporting Services								
General and Administrative	176,441	-	-	176,441	174,692	-	-	174,692
Fundraising	131,283	-	-	131,283	117,659	-	-	117,659
Total Supporting Services	307,724	-	-	307,724	292,351	-	-	292,351
Total Expenses	1,999,269	-	-	1,999,269	1,992,527	-	-	1,992,527
CHANGE IN NET ASSETS	(273,398)	44,252	-	(229,146)	25,408	639,908	-	665,316
NET ASSETS, Beginning of Year	599,729	989,742	75,000	1,664,471	574,321	349,834	75,000	999,155
NET ASSETS, End of Year	$ 326,331	$ 1,033,994	$ 75,000	$ 1,435,325	$ 599,729	$ 989,742	$ 75,000	$ 1,664,471

The Accompanying Notes Are An Integral Part Of These Financial Statements

THANKS U.S.A.

STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2012	Year Ended December 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (229,146)	$ 665,316
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Unrealized Gain on Investments	(825)	(1,794)
Bad Debt Expense	1,000	1,000
Loss on Pledge Receivable	50,000	-
Change in:		
Accounts Receivable	35,335	(26,889)
Pledges Receivable	106,383	(594,683)
Prepaid Expenses	1,239	(4,174)
Other Assets	(12,058)	36,466
Accounts Payable and Accrued Expenses	13,499	(33,606)
Scholarships Payable	2,655	130,200
Net Cash Provided by (Used in) Operating Activities	(31,918)	171,836
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(41,802)	(16,430)
Proceeds from the Sale of Investments	34,540	13,000
Net Cash Used in Investing Activities	(7,262)	(3,430)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(39,180)	168,406
CASH AND CASH EQUIVALENTS, Beginning of Year	1,031,860	863,454
CASH AND CASH EQUIVALENTS, End of Year	$ 992,680	$ 1,031,860

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, 2012 and 2011, all receivables are considered to be fully collectible, and, as such, no allowance for doubtful accounts has been provided for in these financial statements. Bad debt expense for the years ended December 31, 2012 and 2011 was $0.

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 realizable values, using risk-adjusted interest rates, which management believes is not materially different from their present value. Subsequent accruals of the interest element in the net present value calculation 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 for the years ended December 31, 2012 and 2011 was $1,000 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. As of December 31, 2012, the remaining balance of $71,138 is included in pledges receivable on the statements of financial position.

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, 2012 and 2011 totaled $487,155 and $484,500, 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, 2012 and 2011 totaled $402,366 and $433,494, respectively.

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 services unrecorded by Thanks U.S.A. for the year ended December 31, 2011.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Assets

Other assets at December 31, 2012 and 2011 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 of $50,450 have been amortized using the straight-line method over three years and have been reported net of accumulated amortization expense. The website development costs became fully amortized as of December 31, 2010.

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.

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, 2012 and 2011; 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 unrecognized tax benefits in 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 unrecognized tax benefits for the years ended December 31, 2012 and 2011.

For tax years prior to 2009, Thanks U.S.A. is no longer subject to examination by the IRS or the tax jurisdiction of the District of Columbia.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Thanks U.S.A. periodically maintains cash in banks that is subject to loss for balances in excess of Federal Deposit Insurance Corporation (FDIC) limits and maintains cash equivalents in money funds that are not FDIC insured.

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.

Subsequent Events

Thanks U.S.A. has evaluated subsequent events for potential recognition or disclosure through October 31, 2013, the date the financial statements were available to be issued.

NOTE 2 – PLEDGES RECEIVABLE

The pledges receivable balance consists of the following:

	December 31, 2012	December 31, 2011
Receivable in Less than One Year	$ 582,471	$ 543,804
Receivable in One to Five Years	250,000	454,472
Total Pledges Receivable	832,471	998,276
Less: Discounts to Net Present Value	9,850	18,272
Net Pledges Receivable	822,621	980,004
Less: Current Portion	582,471	543,804
Long-Term Pledges Receivable	$ 240,150	$ 436,200

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,	
	2012	2011
Certificates of Deposit and Structured Products	$ 80,738	$ 72,651
	$ 80,738	$ 72,651

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, 2012 and 2011 were $53,000 and $52,200, respectively. At December 31, 2012 and 2011, Scholarship America, Inc. held $7,915 and $34,500, 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.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	December 31,	
	2012	2011
Scholarship Program	$ 830,035	$ 716,826
Treasure Hunt	203,959	272,916
	$ 1,033,994	$ 989,742

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 $75,000 at December 31, 2012 and 2011 and is included in investments and cash, respectively, on the statements of financial position. Investment return on the endowment during the years ended December 31, 2012 and 2011 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.

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, 2012 and 2011, there were no deficiencies of this nature that are reported in unrestricted net assets.

NOTE 6 – ENDOWMENT (Continued)

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.

The following is a summary of donor-restricted endowment funds subject to SPMIFA for the years ended December 31, 2012 and 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment Net Assets, January 1, 2011	$ 1,766	$ -	$ 75,000
Investment Income			
Interest and Dividend Income	420	-	-
Unrealized Gain	1,794	-	-
Total Investment Income	2,214	-	-
Contributions	-	-	-
Appropriations	-	-	-
Replenish Unrestricted Net Assets	-	-	-
	-	-	-
Endowment Net Assets, December 31, 2011	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

NOTE 6 – ENDOWMENT (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy (Continued)

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

	2012	2011
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	$ 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, 2012 and 2011 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, 2012				
Certificates of Deposit and Structured Products	$ 80,738	$ -	$ 80,738	$ -
December 31, 2011				
Certificates of Deposit and Structured Products	$ 72,651	$ -	$ 72,651	$ -

NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)

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 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.

THANKS U.S.A.

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2012 AND 2011

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, 2012 and 2011, and our report thereon dated October 31, 2013, which expressed an unmodified opinion on those financial statements appears on page 1. Our audits were conducted 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 audit 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
October 31, 2013

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

See Independent Auditors’ Report

THANKS U.S.A.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2011

	Program Services			Supporting Services			
	Scholarship Program	Treasure Hunt	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
EXPENSES							
Salaries and Benefits	$ 118,688	$ 24,006	$ 142,694	$ 23,619	$ 9,166	$ 32,785	$ 175,479
Scholarship Awards	904,600	-	904,600	-	-	-	904,600
Scholarship Awards – In-Kind	90,855	-	90,855	-	-	-	90,855
In-Kind Goods/Services	185,252	-	185,252	102,038	55,349	157,387	342,639
Consultants and Professional Fees	187,947	16,907	204,854	44,347	24,786	69,133	273,987
Meetings, Events and Conferences	84,376	503	84,879	397	15,000	15,397	100,276
Printing and Copying	4,643	23	4,666	92	1,101	1,193	5,859
Postage and Delivery	3,952	238	4,190	81	743	824	5,014
Treasure Hunt Prizes	-	14,570	14,570	-	-	-	14,570
Miscellaneous Expenses	1,642	85	1,727	6,405	935	7,340	9,067
Travel, Transportation and Meals	39,722	16	39,738	598	8,659	9,257	48,995
Telecommunications	2,990	546	3,536	190	221	411	3,947
Office Supplies	1,925	24	1,949	300	86	386	2,335
Taxes and Fees	-	-	-	7,131	-	7,131	7,131
Bank Fees	-	-	-	5,160	1,613	6,773	6,773
Bad Debt Expense	-	-	-	1,000	-	1,000	1,000
Indirect Cost Allocation	8,333	8,333	16,666	(16,666)	-	(16,666)	-
	$ 1,634,925	$ 65,251	$ 1,700,176	$ 174,692	$ 117,659	$ 292,351	$ 1,992,527

See Independent Auditors’ Report