

JIMMY MILLER MEMORIAL FOUNDATION

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2011

JIMMY MILLER MEMORIAL FOUNDATION
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CERTIFIED PUBLIC ACCOUNTANTS
&
BUSINESS CONSULTANTS

September 26, 2014

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Jimmy Miller Memorial Foundation
Manhattan Beach, California

We have audited the accompanying financial statements of the Jimmy Miller Memorial Foundation (a nonprofit corporation) which comprise the statement of financial position as of December 31, 2011, and the related statements 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.

Auditor's 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.

INDEPENDENT AUDITORS' REPORT (CONT.)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jimmy Miller Memorial Foundation as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

NSBN LLP
Beverly Hills, California



JIMMY MILLER MEMORIAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

	<u>2011</u>
ASSETS	
Cash and cash equivalents	\$ <u>2,494</u>
TOTAL ASSETS	\$ <u><u>2,494</u></u>
LIABILITIES	
Accounts payable	\$ 3,608
Due to director	<u>14,250</u>
TOTAL LIABILITIES	17,858
NET ASSETS	
Unrestricted	(15,975)
Temporarily restricted	<u>611</u>
TOTAL NET ASSETS	<u>(15,364)</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>2,494</u></u>

See accompanying auditors' report.
The notes are an integral part of these financial statements.

JIMMY MILLER MEMORIAL FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2011</u>
REVENUE AND PUBLIC SUPPORT			
Contributions	\$ 64,894	\$ 9,390	\$ 74,284
Program service fees	13,800	-	13,800
Net assets released from restrictions:			
Satisfaction of purpose	<u>12,597</u>	<u>(12,597)</u>	<u>-</u>
TOTAL REVENUE AND PUBLIC SUPPORT	<u>91,291</u>	<u>(3,207)</u>	<u>88,084</u>
EXPENSES			
Program services	110,377	-	110,377
General and administrative	4,145	-	4,145
Fundraising	<u>9,050</u>	<u>-</u>	<u>9,050</u>
TOTAL EXPENSES	<u>123,572</u>	<u>-</u>	<u>123,572</u>
CHANGE IN NET ASSETS	(32,281)	(3,207)	(35,488)
NET ASSETS AT BEGINNING OF YEAR	<u>16,306</u>	<u>3,818</u>	<u>20,124</u>
NET ASSETS AT END OF YEAR	<u>\$ (15,975)</u>	<u>\$ 611</u>	<u>\$ (15,364)</u>

See accompanying auditors' report.
The notes are an integral part of these financial statements.

JIMMY MILLER MEMORIAL FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Services	Supporting Services		2011
		General and Administrative	Fundraising	
Therapeutic services	\$ 80,299	\$ -	\$ -	\$ 80,299
Program supplies	28,838	-	-	28,838
Fundraising expense	-	-	5,299	5,299
Advertising	-	919	3,751	4,670
Insurance	-	1,673	-	1,673
Donations	1,200	-	-	1,200
Office expenses	-	270	-	270
Accounting	-	550	-	550
Printing and reproduction	-	389	-	389
Conferences and meetings	-	344	-	344
Travel	40	-	-	40
Total expenses	\$ 110,377	\$ 4,145	\$ 9,050	\$ 123,572

See accompanying auditors' report.
The notes are an integral part of these financial statements.

JIMMY MILLER MEMORIAL FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (35,488)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:	
(Increase) decrease in assets:	
Prepays and other assets	8,942
Increase (decrease) in liabilities:	
Accounts payable	(5,842)
NET CASH (USED IN) OPERATING ACTIVITIES	(32,388)
NET CASH PROVIDED BY INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from borrowings from director	26,600
Payments on borrowings from director	(12,350)
NET CASH PROVIDED BY FINANCING ACTIVITIES	14,250
NET (DECREASE) IN CASH	(18,138)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	20,632
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,494

See accompanying auditors' report.
The notes are an integral part of these financial statements.

JIMMY MILLER MEMORIAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1 ORGANIZATION

The Jimmy Miller Memorial Foundation (JMMF) is a nonprofit organization incorporated in the State of California dedicated to the life of Jimmy Miller. The JMMF provides free of charge its unique program of Ocean Therapy to the United States Marine Corps Wounded Warrior Battalion-West, as well as the Veterans from the West LA Veterans Hospital and youth from several care and shelter facilities for abused and foster children. The JMMF Ocean Therapy program for the Marines takes place year round on the beach at Camp Pendleton and the program for the Veterans and children operates on the beach at Manhattan Beach, California, during the spring and summer months.

The JMMF Ocean Therapy program combines occupational and recreational therapies with the sport of surfing in the healing environment of the ocean. Ocean Therapy is proven to assist recovery and rehabilitation for those challenged by Post Traumatic Stress Disorder (PTSD), traumatic brain injuries, and other emotional, mental and medical conditions. The JMMF team consists of professional occupational and psychological therapists, expert surf instructors, experienced water pros and lifeguards, and dedicated volunteers. The JMMF Ocean Therapy program has touched hundreds of children and adults, often with life changing results.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-

The financial statements of JMMF have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation-

The accompanying financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America. These standards require that JMMF report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted -

The unrestricted class is the portion of the net assets of JMMF that are not subject to donor-imposed stipulations. The only limits on unrestricted net assets are broad limits resulting from the nature of JMMF and the purposes specified in its articles of incorporation or bylaws and, perhaps, limits resulting from contractual agreements.

Temporarily Restricted-

The temporarily restricted class is the portion of the net assets of JMMF resulting from contributions and other inflows of assets whose use by JMMF is limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of JMMF pursuant to those stipulations. The majority of contributions with restrictions are stipulated to be used as funding for specific projects.

Permanently Restricted-

The permanently restricted class is the portion used to record resources received that are permanently restricted as to use by the donor or grantor. JMMF has no permanently restricted net assets at December 31, 2011.

JIMMY MILLER MEMORIAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Cash and Cash Equivalents-

For the purposes of the financial statement, JMMF considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

Concentration of credit risk-

JMMF maintains its cash balances at several banks. At December 31, 2011, none of the balances maintained at the bank exceeded the insurance limit (\$250,000) as set by the Federal Deposit Insurance Corporation.

Accounts Receivable-

Accounts receivable are expected to be collected in full by JMMF's management. Therefore, no allowance for doubtful accounts have been provided.

Contributions-

In accordance with accounting principles generally accepted in the United States of America, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services and Materials-

No amounts have been reflected in the financial statements for donated services. However, many individuals volunteer their time and perform a variety of tasks that assist JMMF with the ocean therapy program. Consistent with accounting principles generally accepted in the United States of America, JMMF recognizes as support only those donated services which create or enhance non-financial assets or which require skill JMMF would otherwise have paid for.

Income Taxes-

JMMF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is exempt from California franchise taxes under Section 23701(d) of the State Revenue and Taxation Code.

JMMF files IRS Form 990 and State Forms 199 and RRF-1. Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. JMMF recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management of JMMF does not believe the financial statements include any uncertain tax positions. With few exceptions, JMMF is no longer subject to U.S. federal and state examinations by tax authorities for the years before 2008 and 2007, respectively.

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, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

JIMMY MILLER MEMORIAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Advertising-

Advertising costs are charged to operations when incurred and are included in functional expenses.

Functional Allocation of Expenses-

The costs of providing the program and the supporting services have been summarized on a functional basis in the statement of activities, and in the statement of functional expenses. Accordingly, certain costs have been allocated between the program and the supporting services in reasonable ratios determined by management.

Subsequent Events-

Management has evaluated subsequent events through September 26, 2014, the date the financial statements were available to be issued.

Note 3 DUE TO DIRECTOR

JMMF borrowed funds from a member of the board of directors for cash flow purposes. At December 31, 2011, the outstanding amount due to the director was \$14,250.

Note 4 RELATED PARTY TRANSACTION

See Note 3.

Note 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2011 are available for the following purposes:

Travis Robinson Fund	\$ <u> 611</u>
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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by donors:

Travis Robinson Fund	\$ <u> 12,597</u>
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