

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS**

**TASK FORCE DAGGER Foundation**

**JUNE 30, 2014 and 2013**

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## Independent Auditors' Report

To the Board of Directors  
Task Force Dagger Foundation  
McKinney, Texas

We have audited the accompanying financial statements of Task Force Dagger Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities 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 from material misstatement.

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Task Force Dagger Foundation as of June 30, 2014, 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.

*Vail + Knauth, LLP*

Richardson, Texas  
December 17, 2014

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Task Force Dagger Foundation

STATEMENT OF FINANCIAL POSITION

June 30,

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents ( note 2)	\$ 109,591	\$ 85,381
Accounts Receivable Other	6,761	-
Inventory	15,347	24,408
Prepaid expenses	9,993	4,297
Property and equipment, net of accumulated depreciation (note 3)	20,621	24,855
<b>TOTAL ASSETS</b>	<u><u>\$ 162,313</u></u>	<u><u>\$ 138,941</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	11,574	6,529
Deferred Contributions	-	22,400.00
Net assets - unrestricted	150,739	110,012
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 162,313</u></u>	<u><u>\$ 138,941</u></u>

The accompanying notes are an integral part of these statements.

Task Force Dagger Foundation

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

For the year ended June 30,

	<u>2,014</u>	<u>2,013</u>
<b>PUBLIC SUPPORT AND REVENUE</b>		
Public support		
Contributions (note 2)	330,787	99,674
Contributed goods and services (note 2)	241,352	38,419
Special events, net of direct costs	145,002	-
Other Income, net of direct costs	7,618	(698)
Total public support and revenue	<u>724,759</u>	<u>137,395</u>
<b>EXPENSES</b>		
Program services	607,327	66,063
Supporting services		
Management and general	18,828	10,139
Fundraising	57,920	97
Total supporting services	<u>76,748</u>	<u>10,236</u>
Total expenses	<u>684,075</u>	<u>76,299</u>
<b>INVESTMENT INCOME</b>		
Interest Income	<u>43</u>	-
Change in net assets	40,727	61,096
Net Assets at beginning of year	110,012	48,916
Net assets at end of year	<u><u>150,739</u></u>	<u><u>110,012</u></u>

The accompanying notes are an integral part of these statements.

Task Force Dagger Foundation  
STATEMENT OF CASH FLOWS  
For the year ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 40,727	\$ 61,096
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	7,178	5,176
Changes in operating assets and liabilities		
Accounts Receivable Other	(6,761)	-
Prepaid expense	(5,696)	(4,297)
Inventory	9,060	(24,408)
Accounts payable	5,046	(31,250)
Deferred contributions	(22,400)	22,400
Total adjustments	<u>(13,573)</u>	<u>(32,379)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>27,154</u>	<u>28,717</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(2,944)	(13,697)
Net cash provided by (used in) investing activities	<u>(2,944)</u>	<u>(13,697)</u>
<b>Cash flows from financing activities</b>		
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	24,210	15,020
Cash and cash equivalents at beginning of year	<u>85,381</u>	<u>70,361</u>
Cash and cash equivalents at end of year	<u>\$ 109,591</u>	<u>\$ 85,381</u>
<b>Supplemental disclosures of cash flow information</b>		
Taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

Task Force Dagger Foundation

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2014

	3 Gun Team	Immediate Need	Dagger Dive	Swim With the Sharks	Other Recreational Therapy Events	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Ammunition	\$ 2,400	\$ -	\$ -	\$ -	\$ -	\$ 2,400	\$ -	\$ -	\$ -	\$ 2,400
Bank Charges	-	258	30	-	-	288	107	2,557	2,664	2,952
Banners & Signs	-	-	-	-	-	-	112	-	112	112
Books, Subscriptions, Reference	-	140	-	-	-	140	52	-	52	192
Career Transition	-	500	-	-	-	500	-	-	-	500
Case Files	-	49,891	-	-	-	49,891	-	-	-	49,891
Catering	-	-	-	-	-	-	-	39,669	39,669	39,669
Conference, Convention, Meeting	-	-	-	-	-	-	-	-	-	678
Depreciation expense	5,234	-	-	-	-	5,234	678	-	678	7,178
Dive Boats	-	-	20,652	-	-	20,652	1,944	-	1,944	20,652
Dive Gear	-	-	4,196	-	-	4,196	-	-	-	4,196
Dive Training	-	-	17,546	-	-	17,546	-	-	-	17,546
Event Apperal	-	-	9,637	-	-	9,637	-	-	-	9,637
Facilities and Equipment Rental	-	-	31,161	11,600	-	42,761	-	-	-	42,761
Family Excursions	-	-	2,288	-	-	2,288	-	-	-	2,288
Funeral Support	-	26,320	-	-	-	26,320	-	-	-	26,320
Fundraising Expenses	-	-	-	-	-	-	22	2,837	2,859	2,859
Gift Cards	-	10,724	-	-	-	10,724	-	-	-	10,724
Grants and Scholarships	-	8,000	-	-	-	8,000	-	5,000	5,000	13,000
Living Expense Support	-	25,796	-	-	-	25,796	-	-	-	25,796
Lodging	2,040	10,740	93,052	6,437	-	112,269	1,823	125	1,948	114,217
Marketing	-	-	-	-	-	-	1,530	2,146	3,676	3,676
Medical Care and Devices	-	83,310	-	-	-	83,310	-	-	64	83,310
Miscellaneous	63	202	-	-	-	265	64	-	64	329
Office Supplies	-	5	940	-	-	945	2,753	(1)	2,752	3,697
Postage and Mailing Service	62	816	101	-	-	979	399	64	463	1,442
Printing and Copying	-	-	-	-	-	-	(580)	-	(580)	(580)
Professional Fees	-	-	-	-	-	-	5,138	-	5,138	5,138
Promotional/Giveaways	756	5,968	8,999	1,022	285	17,030	-	-	-	17,030
Rations	544	99	68,874	4,428	-	73,945	-	-	-	73,945
Safety Gear	-	5,196	3,719	-	-	3,719	-	-	-	3,719
SOF Health Awareness	-	-	-	-	-	5,196	-	-	-	5,196
Sound, Stage & Video Expense	-	-	14,529	-	-	14,529	-	-	-	14,529
Special Celebrations	-	-	2,327	-	-	2,327	-	-	-	2,327
Supplies	5,186	28,643	26,971	3,640	-	64,440	4,786	2,098	6,884	71,324
Transportation	-	1,500	-	-	500	2,000	-	-	-	2,000
Warrior Events	-	-	-	-	785	785	-	-	-	785
	\$ 16,285	\$ 258,108	\$ 305,022	\$ 27,127	\$ 785	\$ 607,327	\$ 18,828	\$ 57,920	\$ 76,748	\$ 684,075

Management & Fund Raising Percentage

10.59%

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2013

	3 Gun Team	Immediate Need	Dagger Dive	Swim With the Sharks	Other Recreational Therapy Events	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Ammunition	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ -	\$ -	\$ -	\$ 2,000
Bank Charges	-	-	-	-	-	-	175	-	175	175
Banners & Signs	-	-	-	-	-	-	669	-	669	669
Books, Subscriptions, Reference	-	-	-	-	-	-	175	-	175	175
Career Transition	-	2,825	-	-	-	2,825	-	-	-	2,825
Case Files	-	-	-	-	-	-	-	-	-	-
Catering	-	-	-	-	-	-	-	-	-	-
Conference, Convention, Meeting	-	-	-	-	-	-	-	-	-	-
Depreciation expense	4,175	-	-	-	-	4,175	1,001	-	1,001	5,176
Dive Boats	-	-	-	-	-	-	-	-	-	-
Dive Gear	-	-	-	-	-	-	-	-	-	-
Dive Training	-	-	-	-	-	-	-	-	-	-
Event Apperal	-	-	-	-	-	-	-	-	-	-
Facilities and Equipment Rental	-	-	-	-	-	-	-	-	-	-
Family Excursions	-	-	-	-	-	-	-	-	-	-
Funeral Support	-	5,030	-	-	-	5,030	-	-	-	5,030
Fundraising Expenses	-	-	-	-	-	-	-	-	-	-
Gift Cards	-	-	-	-	-	-	-	-	-	-
Grants and Scholarships	-	2,500	-	-	-	2,500	-	-	-	2,500
Living Expense Support	-	7,152	-	-	-	7,152	-	-	-	7,152
Lodging	2,418	12,241	-	-	337	14,996	-	-	-	14,996
Marketing	-	-	-	-	-	-	-	-	-	-
Medical Care and Devices	-	8,892	-	-	-	8,892	-	-	-	8,892
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Office Supplies	-	-	-	-	-	-	1,368	-	1,368	1,368
Postage and Mailing Service	119	251	-	-	35	405	355	97	452	857
Printing and Copying	-	-	-	-	-	-	580	-	580	580
Professional Fees	-	-	-	-	-	-	5,340	-	5,340	5,340
Promotional/Giveaways	-	-	-	-	-	-	-	-	-	-
Rations	112	70	-	-	-	182	-	-	-	182
Safety Gear	-	-	-	-	-	-	-	-	-	-
SOF Health Awareness	-	-	-	-	-	-	-	-	-	-
Sound, Stage & Video Expense	-	-	-	-	-	-	-	-	-	-
Special Celebrations	-	-	-	-	-	-	-	-	-	-
Supplies	584	-	-	-	-	584	76	-	76	660
Transportation	4,805	7,704	-	-	304	12,813	-	-	-	12,813
Warrior Events	-	4,509	-	-	-	4,509	-	-	-	4,509
	\$ 14,213	\$ 51,334	\$ (160)	\$ -	\$ 676	\$ 66,063	\$ 10,139	\$ 97	\$ 10,236	\$ 76,299

Management & Fund Raising Percentage 7.45%



Task Force Dagger Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

**1. Nature of Organization**

**Mission Statement**

The Task Force Dagger Foundation (the Foundation) is a 501(c)(3) Not for Profit organization, founded in September 2009 and is dedicated to providing immediate financial assistance to wounded, ill, or injured members of the United States Army Special Operations Command and their families.. Additionally, The Task Force Dagger Foundation also sponsors and organizes recreational therapy activities that foster a sense of well-being, offer encouragement, and assists the service member's recovery from wounds or injuries sustained in the line of duty.

**Organization and Activities**

A board of directors (up to 5 members) governs the Foundation. The Foundation office is located at 5900 South Lake Forest Drive Suite 200, McKinney, Texas 75070. The Foundation has no full-time or salaried employees. The Foundation relies solely on the many supporting volunteers located through out the United States.

Support for Immediate Needs - The Foundation supports immediate needs as requested by the SOCOM Care Coalition or by a US Army Special Operations Command unit. In fiscal year 2014, we provided over \$258,100 in support of 190 soldiers and 286 family members. To date in fiscal year 2015, we have provided over \$106,500 to 144 soldiers and family units for immediate needs and SOF Health Initiatives support.

Recreational Therapy Events - The Foundation's Recreational Therapy Events (RTE) Program takes wounded, ill, or injured Soldiers and their family members and helps them discover new limits and possibilities along with their family members. The goal of this program is to enable the soldier and his/her family to extend their activities to something they thought not possible and to do it as a family. This helps the family to grow closer, discover a new hobby or activity that they can do as a family. These events focus on the family healing as a whole unit. In 2014, the Foundation provided Soldiers and family members with nearly \$34,000 in support during different events. Due to timing, our popular Dagger dive event was included in this years' financial presentation for two different occasions. Because the event occurred after the close of the 2013 fiscal year, the total expenditure for the Dagger Dive Events exceeded \$299,200.

**2. Summary of Significant Accounting Policies**

The summary of significant accounting policies of the Foundation are presented to assist in understanding the financial statements. The financial statements and notes are representations of the Foundation's management, who is responsible for the fairness and objectivity embodied in the financial statements.

**Basis of Accounting**

The accompanying financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Foundation as a whole and to present balances and

Task Force Dagger Foundation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014 and 2013

**2. Summary of Significant Accounting Policies (Continued)**

transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classifying assets, liabilities and net assets into classifications of restricted and unrestricted.

The Foundation adheres to the provisions of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC").

FASB ASC 958-205 establishes standards for general purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities and a statement of cash flows.

FASB ASC 958-605 requires the Foundation to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. Additionally, it requires the recognition of contributed services meeting certain criteria at fair values.

The three classifications are defined as follows:

- Unrestricted net assets - not subject to donor-imposed restrictions or the restrictions have expired.
- Temporarily restricted net assets - subject to donor-imposed stipulations that may be fulfilled by actions of the Foundation to meet the stipulations or become unrestricted by the passage of time. Currently the Foundation has no temporarily restricted net assets.
- Permanently restricted net assets - subject to donor-imposed stipulations that they be retained and invested permanently by the Foundation. Currently the Foundation has no permanently restricted net assets.

**Cash Equivalents**

Cash equivalents consist of highly, liquid short-term market instruments, and certificates of deposit with a maturity of three months or less when purchased. The Foundation has no certificates of deposit.

**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 amounts at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Task Force Dagger Foundation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014 and 2013

**2. Summary of Significant Accounting Policies (continued)**

Significant estimates used in the preparation of these financial statements include the assumption in recorded fair value of in-kind donations.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Currently the Foundation has no investments in marketable securities.

**Pledges Receivable**

Pledges receivable are recorded at estimated realizable value. The Foundation had no pledges receivable as of June 30, 2014

**Property and Equipment**

All property and equipment is stated at cost, less accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets. The Foundation capitalizes all purchases that exceed \$500.

Maintenance, repairs, and replacements, which do not improve or extend the lives of the respective assets, are charged to operations when incurred. When property or equipment is sold or otherwise disposed of, the asset, related accumulated depreciation and amortization are removed, and any gain or loss is included in operations. Depreciation and amortization has been calculated as follows:

Furniture and equipment	5 years
Office computers	3 years

**Contributions**

Contributions, including unconditional promises to give, are recognized in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the current year are recorded at their net realizable value.

**Contributed Services, Materials, and Supplies**

Contributed services are reported as contributions at their fair value if such services create or enhance non-financial assets; the services would have been purchased if not provided by contribution; and the service requires specialized skills.

Task Force Dagger Foundation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014 and 2013

**2. Summary of Significant Accounting Policies (continued)**

Material in-kind items used in the program (e.g., equipment, supplies, etc.) are recorded as income and expense or are capitalized at the time the items are placed into service or distributed.

Additionally, the Foundation received significant contributions of time from its Directors and unpaid volunteers for various activities and other services of the Foundation. The value of this contributed time is not reflected in the financial statements since no objective basis is available to measure the value of the volunteered services.

**Income Tax Status**

The Foundation has received a determination of tax exempt status under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

The Foundation requested and was granted a retroactive change of its classification as a Private Non-operating Foundation to that of a Public Charity under Code Section 507(b)(1)(B) of the Internal Revenue Service. The Foundation was erroneously classified as a private foundation rather than a public charity when it received its determination letter effective September 28, 2009. The foundation has actually qualified and has continued to qualify as a public charity since its inception. Accordingly, an organization is publicly supported so as to qualify under IRC 170(b)(1)(A)(vi) if it "normally" receives at least 33 1/3% of its total "support" from governmental units, direct or indirect contributions from the general public, or a combination of these sources. The Foundation meets the preview of section 170(b)(1)(A)(vi) as it pertains to the clause of other organizations that receive a significant part of their support from government grants and/or contributions from the general public. Reg. 1.170A-9(e)(1). Further, the foundation has easily met the 33 1/3 Percent-of-Support Test.

Accordingly, the Internal Revenue Service effectively granted the positive outcome September 3, 2014. It further determined that the Task Force Dagger Foundation meets the requirements for classification as a public charity described in sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code.

The Foundation is not aware of any other tax positions it has taken that are subject to a significant degree of uncertainty. Tax years starting in 2011 remain subject to examination by federal taxing authorities.

**Reclassifications**

Certain amounts from the June 30, 2013 financial statements have been reclassified to conform to the June 30, 2014 presentation.

Task Force Dagger Foundation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014 and 2013

**3. Property and Equipment**

Property and equipment and related accumulated depreciation consisted of the following at June 30,:

	<u>2014</u>	<u>2013</u>
Competition firearms	\$ 26,172	\$ 26,172
Equipment	4,644	1,700
Website	2,850	2,850
Accumulated depreciation	<u>(13,045)</u>	<u>(5,867)</u>
Property and equipment, net	<u>\$ 24,855</u>	<u>\$ 20,621</u>
Total annual depreciation expense	\$ 7,178	\$ 5,176

**4. Concentration of Risk**

The Foundation's support is primarily derived from donations. In times of sharp economic downturns those donations can be at risk. In its effort to attract public and governmental support on a continuing basis the Foundation applied and is now approved to participate in the Combined Federal Campaign (CFC) as a national/international Independent Organization.

**5. Concentration of Credit Risk**

The Federal Deposit Insurance Corporation (FDIC) federally insures funds deposited in banks up to \$250,000. At June 30, 2014, the Foundation maintains its cash in account amounts, which are below the federally insured limit.

**6. Special Events**

The Foundation holds a number of special events in order to generate awareness and raise funds.

Special events consisted of the following for the year ended June 30,:

	<u>2014</u>	<u>2013</u>
Gross receipts	\$ 156,268	\$
Less contributions received	-	
Less direct expenses	<u>(11,266)</u>	
Net	<u>\$ 145,002</u>	<u>\$ -0-</u>

Task Force Dagger Foundation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014 and 2013

**7. Fair market value of Financial Instruments**

The carrying value of cash and cash equivalents, grant receivables, accounts payable and accrued expenses approximates fair value due to the relatively short-term nature of the financial instruments.

The Foundation applies the provisions of FASB ASC 820, Fair Value Measurements, and Disclosures, for fair value measures of investments that are recognized and disclosed at fair value in the financial statements on a recurring basis. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – Quoted prices for identical instruments in active markets
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which significant value drivers are observable
- Level 3 – Valuations derived from valuation techniques in which significant value drivers are unobservable

The following tables present financial assets measured at fair value on a recurring basis:

For the year ended June 30, 2014

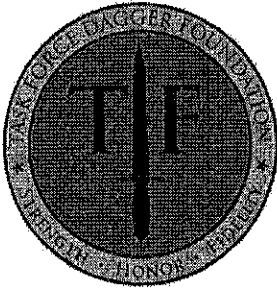
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Assets				
Cash and cash equivalents	\$ 109,591			\$ 109,591
Liabilities	\$ -0-			\$ -0-

For the year ended June 30, 2013

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Assets				
Cash and cash equivalents	\$ 85,381			\$ 85,381
Liabilities	\$ -0-			\$ -0-

**7. Subsequent Events**

The Foundation has evaluated events and transactions occurring subsequent to June 30, 2014 as of December 17, 2014, which is the date the financial statements are available to be issued.



**Task Force Dagger Foundation**  
5900 South Lake Forest Drive  
Suite 200  
McKinney, Texas 75070

December 17, 2014

Vail & Knauth, LLP  
1801 Gateway Blvd., Suite 212  
Richardson, TX 75080

This representation letter is provided in connection with your audit of the financial statements of Task Force Dagger Foundation, which comprise the statements of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 11, 2014, the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 27, 2014, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

- 6) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) The effects of uncorrected misstatements are immaterial, both Individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

#### **Information Provided**

- 12) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's financial statements communicated by employees, former employees, grantors, regulators, or others.

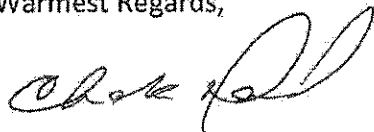


- 17) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
- 19) We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.
- 20) The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 22) Task Force Dagger Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

Signature: Charles K. David

Title: MANAGING DIRECTOR

Warmest Regards,



Charles K. David  
Managing Director  
Task Force Dagger Foundation



Task Force Dagger Foundation | 5900 South Lake Forest Drive, Suite 200, McKinney, Texas 75070 | Task Force Dagger Foundation is a 501(c)(3) nonprofit organization. 92% of all donations directly assist wounded, ill, or injured Army Special Operations Soldiers and families | [www.taskforcedagger.org](http://www.taskforcedagger.org)