

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS**

**TASK FORCE DAGGER Foundation**

**JUNE 30, 2015 and 2014**

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## INDEPENDENT AUDITOR'S 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, 2015 and 2014, and the related statements of activities and 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.

### 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, 2015 and 2014, and the changes 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.

*Vail + Knauth, LLP*

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November 2, 2015

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Task Force Dagger Foundation

STATEMENT OF FINANCIAL POSITION

June 30,

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents ( note 2)	\$ 78,687	\$ 109,591
Accounts Receivable Other	3,650	6,761
Inventory	16,432	15,347
Prepaid expenses	7,354	9,993
Property and equipment, net of accumulated depreciation (note 3)	13,464	20,621
<b>TOTAL ASSETS</b>	<u><u>\$ 119,587</u></u>	<u><u>\$ 162,313</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	199,642	11,574
Deferred Contributions	-	-
Net assets - unrestricted	(80,055)	150,739
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 119,587</u></u>	<u><u>\$ 162,313</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>2,015</u>	<u>2,014</u>
<b>PUBLIC SUPPORT AND REVENUE</b>		
Public support		
Contributions (note 2)	506,754	406,301
Contributed goods and services (note 2)	633,013	241,352
Special events, net of direct costs	991	69,348
Other Income, net of direct costs	(1,035)	7,618
Total public support and revenue	<u>1,139,723</u>	<u>724,619</u>
<b>EXPENSES</b>		
Program services	1,304,490	607,327
Supporting services		
Management and general	28,474	18,829
Fundraising	37,568	57,778
Total supporting services	<u>66,042</u>	<u>76,607</u>
Total expenses	<u>1,370,532</u>	<u>683,934</u>
<b>INVESTMENT INCOME</b>		
Interest Income	<u>15</u>	<u>43</u>
Change in net assets	(230,794)	40,728
Net Assets at beginning of year	<u>150,739</u>	<u>110,011</u>
Net assets at end of year	<u><u>(80,055)</u></u>	<u><u>150,739</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, 2015 and 2014

	2015	2014
<b>Cash flows from operating activities</b>		
Change in net assets	<u>\$ (230,794)</u>	<u>\$ 40,728</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	7,306	7,178
Changes in operating assets and liabilities		
Accounts Receivable Other	3,111	(6,761)
Prepaid expense	2,639	(5,697)
Inventory	(1,085)	9,060
Accounts payable	188,068	5,046
Deferred contributions	-	(22,400)
Total adjustments	<u>200,039</u>	<u>(13,574)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>(30,755)</u>	<u>27,154</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	<u>(149)</u>	<u>(2,944)</u>
Net cash provided by (used in) investing activities	(149)	(2,944)
<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	(30,904)	24,210
Cash and cash equivalents at beginning of year	<u>109,591</u>	<u>85,381</u>
Cash and cash equivalents at end of year	<u>\$ 78,687</u>	<u>\$ 109,591</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, 2015

	Immediate Need	SOF Health Initiative	3 Gun Team	Dagger Dive	Swim With the Sharks	Montana Events	Other Recreational Events	Total Program Services	Fund Raising	Management and General	Total Supporting Services	Total
Ammunition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,690	\$ -	\$ -	\$ 45	\$ 3,690
Bank Charges	643	47	-	-	-	-	-	690	-	45	45	755
Banners & Signs	-	-	-	1,671	-	-	-	1,671	-	-	358	1,671
Books, Subscriptions, Reference	-	-	-	-	-	-	-	6,606	-	-	358	6,606
Career Transition	2,611	3,995	-	-	-	-	-	4,385	-	-	-	4,385
Case Files	4,385	-	-	-	-	-	-	-	-	-	-	-
Catering	-	-	-	55	-	-	-	55	934	1,389	2,323	2,378
Conference, Convention, Meeting	-	-	-	250	-	-	-	250	-	-	-	250
Contract Services	-	-	-	-	-	-	-	5,234	-	2,072	2,072	7,306
Depreciation expense	-	-	5,234	-	-	-	-	15,004	-	-	-	15,004
Dive Boats	-	-	-	15,004	-	-	-	3,487	-	-	-	3,487
Dive Gear	-	-	-	3,487	-	-	-	7,965	-	-	-	7,965
Dive Training	-	-	-	7,365	-	-	-	2,106	-	-	-	2,106
Event Apparel	-	-	-	700	-	-	600	1,406	-	-	-	1,406
Facilities and Equipment	-	-	-	-	19,238	-	-	34,588	-	50	50	34,588
Family Excursions	500	-	-	15,300	-	6,043	-	13,914	-	-	-	13,914
Funeral Support	17,045	-	-	7,371	-	-	-	17,045	-	-	-	17,045
Fundraising Expenses	58	-	-	-	-	-	-	58	-	-	-	58
Gift Cards	15,975	-	-	-	-	-	-	15,975	-	-	-	15,975
Grants and Scholarships	13,979	-	-	-	-	-	-	13,979	-	-	-	13,979
Insurance - Liability, D and O	36,945	16	-	613	-	-	-	629	-	-	-	629
Living Expense Support	21,895	64,414	-	52,444	8,980	3,920	-	158,240	1,808	685	2,493	160,733
Lodging	23,520	-	-	1,700	-	-	-	704,186	2,500	-	-	2,500
Marketing	-	678,966	-	-	-	16	-	16	-	-	-	16
Medical Care and Devices	-	-	-	-	-	84	-	253	-	6,514	6,514	6,767
Miscellaneous	-	-	-	169	-	-	-	11,858	31,128	2,980	34,108	59,306
Office Supplies	5,929	7,411	-	-	-	20	97	2,309	315	779	1,094	3,403
Payroll Expenses	1,700	27	361	104	-	-	-	-	-	1,497	1,497	1,497
Postage and Mailing Service	-	-	-	-	-	-	-	-	-	10,094	-	10,094
Printing and Copying	-	-	-	-	-	-	9,291	11,067	-	-	-	11,067
Professional Fees	-	-	-	1,776	9,125	6,284	-	69,309	112	18	130	69,439
Promotional/Giveaways	4,021	5,026	-	338	-	-	-	338	-	-	-	338
Rations	-	-	1,537	900	-	-	-	900	-	300	300	1,200
Safety Gear	-	-	-	-	-	-	-	-	-	-	-	-
Sound, Stage & Video Expense	-	-	-	-	-	106	-	3,471	-	136	136	3,607
Special Celebrations	-	-	-	-	-	-	-	132,210	771	1,370	1,370	1,370
Supplies	42,646	31,507	-	3,365	-	-	5,975	187	-	187	958	133,168
Telephone	-	-	-	156	-	-	-	156	-	-	-	156
Transportation	-	-	-	-	1,651	11,873	-	132,210	-	-	-	133,168
Travel and Meetings	-	-	-	-	-	-	8,900	12,611	-	-	-	12,611
Warrior Events	3,711	-	-	-	-	-	-	-	-	-	-	-
	<u>195,563</u>	<u>791,409</u>	<u>31,396</u>	<u>180,655</u>	<u>38,994</u>	<u>28,346</u>	<u>38,127</u>	<u>1,304,480</u>	<u>37,568</u>	<u>28,474</u>	<u>66,042</u>	<u>1,370,532</u>
Management & Fund Raising Percentage											5.79%	

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

	Immediate Need	SOF Health Initiative	3 Gun Team	Dagger Dive	Swim With the Sharks	Montana Events	Other Recreational Events	Total Program Services	Fund Raising	Management and General	Supporting Services	Total
Ammunition	\$ 258	-	-	-	-	-	-	288	2,414	107	2,521	2,400
Bank Charges	-	-	-	30	-	-	-	288	-	112	112	2,809
Banners & Signs	-	-	-	-	-	-	-	140	-	52	52	112
Books, Subscriptions, Reference	140	-	-	-	-	-	-	140	-	-	140	112
Career Transition	500	-	-	-	-	-	-	500	-	-	500	500
Case Files	49,891	-	-	-	-	-	-	49,891	-	-	49,891	49,891
Catering	-	-	-	-	-	-	-	-	39,669	678	39,669	39,669
Conference, Convention, Meeting	-	-	-	-	-	-	-	-	-	-	678	678
Contract Services	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	-	5,234	-	-	-	-	5,234	-	1,944	1,944	7,178
Dive Boats	-	-	-	-	-	-	-	20,652	-	-	20,652	20,652
Dive Gear	-	-	-	-	-	-	-	4,196	-	-	4,196	4,196
Dive Training	-	-	-	-	-	-	-	17,546	-	-	17,546	17,546
Event Apparel	-	-	-	-	-	-	-	9,637	-	-	9,637	9,637
Facilities and Equipment	-	-	-	-	11,600	-	-	42,761	-	-	42,761	42,761
Family Excursions	-	-	-	-	-	-	-	2,288	-	-	2,288	2,288
Fundraising Expenses	26,320	-	-	-	-	-	-	26,320	2,837	22	2,859	26,320
Funeral Support	-	-	-	-	-	-	-	-	-	-	-	-
Gift Cards	10,724	-	-	-	-	-	-	10,724	5,000	-	5,000	10,724
Grants and Scholarships	8,000	-	-	-	-	-	-	8,000	-	-	8,000	8,000
Insurance - Liability, D and O	25,796	-	-	-	-	-	-	25,796	125	1,623	1,948	25,796
Living Expense Support	10,740	1,132	-	2,040	6,437	-	-	113,401	2,146	1,530	3,676	115,349
Lodging	83,310	3,432	-	-	-	-	-	86,742	-	65	65	86,742
Marketing	203	-	-	60	-	-	-	263	-	2,753	2,753	328
Medical Care and Devices	5	-	-	-	-	-	-	946	-	-	946	946
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Office Supplies	-	-	-	-	-	-	-	-	-	-	-	-
Payroll Expenses	816	-	-	62	101	-	-	979	64	399	463	1,442
Postage and Mailing Service	-	-	-	-	-	-	-	-	-	(580)	(580)	(580)
Printing and Copying	-	-	-	-	-	-	-	-	-	5,138	5,138	5,138
Professional Fees	5,968	-	-	756	8,999	1,022	285	17,030	-	5,138	5,138	17,030
Promotional/Giveaways	99	-	-	544	68,874	4,428	-	73,945	-	-	73,945	73,945
Rations	-	-	-	-	3,719	-	-	3,719	-	-	3,719	3,719
Safety Gear	-	-	-	-	-	-	-	-	3,425	-	3,425	3,425
Sound, Stage & Video Expense	-	-	-	-	-	-	-	-	-	-	-	-
Special Celebrations	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	14,529	-	-	14,529	-	-	14,529	14,529
Telephones	-	-	-	-	2,327	-	-	2,327	-	-	2,327	2,327
Transportation	28,643	633	-	5,186	26,971	3,640	-	65,073	2,098	4,786	6,884	71,957
Travel and Meetings	-	-	-	-	-	-	-	-	-	-	-	-
Warrior Events	1,500	-	-	-	-	-	500	2,000	-	-	2,000	2,000
	<u>252,913</u>	<u>5,197</u>	<u>16,282</u>	<u>305,023</u>	<u>27,127</u>	<u>-</u>	<u>785</u>	<u>607,327</u>	<u>57,778</u>	<u>18,829</u>	<u>76,607</u>	<u>683,934</u>
Management & Fund Raising Percentage									607,326			10.57%

The accompanying notes are an integral part of these statements.

Task Force Dagger Foundation  
NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

**1. Nature of Organization**

**Mission Statement**

Task Force Dagger Foundation is a United States Army Special Operations Command based organization dedicated to providing assistance to all wounded, ill, or injured members and their families and the families of casualties of the U.S. Special Operations Command.

**Organization and Activities**

The Task Force Dagger Foundation (the Foundation) is a 501(c) (3) Not for Profit organization, founded in September 2009. A board of directors (up to five members) governs the Foundation. The Foundation office is located at 5900 South Lake Forest Drive Suite 200, McKinney, Texas 75070. The Foundation has one full-time salaried employee. The Foundation primarily relies on a substantial number of unpaid and supporting volunteers located throughout the United States.

Support for Immediate Needs - The Foundation assists Army Special Operations Soldiers and their families with needs that are not covered by the Army, DoD, VA, or their insurance. The needs covered are diverse and cover every type of assistance both medical and other immediate needs as identified from either the unit chain of command or the US Special Operations Command's Care Coalition. In fiscal year 2015, we provided over \$191,500 in support of 368 soldiers and 1,152 family members.

Support for SOF Health Initiatives Program - The SOF Health Initiatives Program is a Mind, Body, Spirit, and Purpose driven program focused on finding the root causes of illness and treating them with Functional Medicine. The SOF Health Initiatives Program offers a full system, patient-centric approach to medicine and creates an environment conducive to healing and recovery. The SOF Health Initiatives Program also offers a platform to educate and empower health care providers, service members and their families how to repair and maintain themselves. In fiscal year 2015, we provided over \$791,000 in support of 58 soldiers and family members.

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 2015, the Foundation provided Soldiers and family members with nearly \$105,500 in support during different events. Additionally, our popular Dagger dive event expenditure exceeded \$180,600.

Task Force Dagger Foundation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014 and 2015

**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. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the presentation of the accompanying 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 transactions according to the existence or absence of donor-imposed restrictions. Classifying assets, liabilities and net assets into classifications of restricted and unrestricted have accomplished this.

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.

Task Force Dagger Foundation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014 and 2015

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

**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.

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

**Functional Expense Allocation**

The costs of providing various program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited based on how employees spent their time and the purpose of services.

**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.

**Inventory**

Inventory is stated at the lower of average cost or market. Inventory consists of various military oriented items, clothing, and promotional items.

**Pledges Receivable**

Pledges receivable are recorded at estimated realizable value. The Foundation had no pledges receivable as of June 30, 2015

Task Force Dagger Foundation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014 and 2015

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

**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.

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.

Task Force Dagger Foundation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014 and 2015

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

**Income Taxes**

The Foundation is a not-for-profit organization that is exempt from income taxes under section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

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's Forms 990 Return of Organization Exempt from Income Tax, for the fiscal years ending June 30, 2015, 2014 and 2013 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

The Foundation is not aware of any other tax positions it has taken that are subject to a significant degree of uncertainty.

**Reclassifications**

Certain amounts from the June 30, 2014 financial statements have been reclassified to conform to the June 30, 2015 presentation.

**3. Property and Equipment**

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

	<u>2015</u>	<u>2014</u>
Competition firearms	\$ 26,172	\$ 26,172
Equipment	4,793	4,644
Website	2,850	2,850
Accumulated depreciation	<u>(20,351)</u>	<u>(13,045)</u>
Property and equipment, net	<u>\$ 13,464</u>	<u>\$ 20,621</u>
Total annual depreciation expense	\$ 7,306	\$ 7,178

**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.

Task Force Dagger Foundation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014 and 2015

**5. Concentration of Credit Risk**

The Federal Deposit Insurance Corporation (FDIC) federally insures funds deposited in banks up to \$250,000. At June 30, 2015, 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>2015</u>	<u>2014</u>
Gross receipts	\$ 6,875	\$ 80,614
Less contributions received	-	-
Less direct expenses	<u>(5,884)</u>	<u>(11,266)</u>
Net	<u>\$ 991</u>	<u>\$ 69,348</u>

**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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014 and 2015

**7. Fair market value of Financial Instruments (continued)**

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

For the year ended June 30, 2015

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Assets				
Cash and cash equivalents	\$ 78,687			\$ 78,687
Liabilities	\$ -0-			\$ -0-

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-

**7. Subsequent Events**

The Foundation has evaluated events and transactions occurring subsequent to June 30, 2015 as of November 2, 2015, which is the date the financial statements are available to be issued.