

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

TASK FORCE DAGGER Foundation

JUNE 30, 2016 and 2015

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M. Vail & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
AUDIT, TAX AND ADVISORY SERVICES

Michael G. Vail, CPA
Charles T. Gregg, CPA
Don E. Graves, CPA
Dinesh J. Pai, CISA

Members:
American Institute of CPAs
Texas Society of CPAs

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 statements of financial position as of June 30, 2016 and 2015, 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 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 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.



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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, 2016 and 2015, 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.

M. Vail & Associates, P.C.

Richardson, Texas
November 10, 2016

Task Force Dagger Foundation

STATEMENT OF FINANCIAL POSITION

June 30,

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents (note 2)	\$ 144,205	\$ 78,687
Accounts receivable other	-	3,650
Inventory	17,859	16,432
Prepaid expenses	11,156	7,354
Property and equipment, net of accumulated depreciation (note 3)	14,633	13,464
TOTAL ASSETS	<u><u>\$ 187,853</u></u>	<u><u>\$ 119,587</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	207,702	199,642
Deferred Contributions	-	-
Net assets:		
Unrestricted	(125,713)	(80,055)
Temporarily Restricted	105,864	-
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 187,853</u></u>	<u><u>\$ 119,587</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>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2,015</u>
PUBLIC SUPPORT AND REVENUE				
Public support				
Contributions (note 2)	485,802	363,908	849,710	506,754
Contributed goods and services (note 2)	442,087	34,300	476,387	633,013
Special events, net of direct costs	(869)	-	(869)	991
Other Income, net of direct costs	(70)	13,303	13,233	(1,035)
Total public support and revenue	<u>926,950</u>	<u>411,511</u>	<u>1,338,461</u>	<u>1,139,723</u>
EXPENSES				
Program services	871,403	305,647	1,177,050	1,304,490
Supporting services				
Management and general	85,566	-	85,566	28,474
Fundraising	15,725	-	15,725	37,568
Total supporting services	<u>101,291</u>	<u>-</u>	<u>101,291</u>	<u>66,042</u>
Total expenses	<u>972,694</u>	<u>305,647</u>	<u>1,278,341</u>	<u>1,370,532</u>
INVESTMENT INCOME				
Interest Income	<u>86</u>	<u>-</u>	<u>86</u>	<u>15</u>
Change in net assets	(45,658)	105,864	60,206	(230,794)
Net Assets at beginning of year	<u>(80,055)</u>	<u>-</u>	<u>(80,055)</u>	<u>150,739</u>
Net assets at end of year	<u><u>(125,713)</u></u>	<u><u>105,864</u></u>	<u><u>(19,849)</u></u>	<u><u>(80,055)</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, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Change in net assets	\$ 60,206	\$ (230,794)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	8,219	7,306
Changes in operating assets and liabilities		
Accounts Receivable Other	3,650	3,111
Prepaid expense	(3,802)	2,639
Inventory	(1,427)	(1,085)
Accounts payable	8,060	188,068
Deferred contributions	-	-
Total adjustments	14,700	200,039
Net cash provided by (used in) operating activities	74,906	(30,755)
Cash flows from investing activities		
Purchases of property and equipment	(9,388)	(149)
Net cash provided by (used in) investing activities	(9,388)	(149)
Cash flows from financing activities		
Net cash provided by (used in) financing activities	-	-
Net increase in cash and cash equivalents	65,518	(30,904)
Cash and cash equivalents at beginning of year	78,687	109,591
Cash and cash equivalents at end of year	\$ 144,205	\$ 78,687
Supplemental disclosures of cash flow information		
Taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

The accompanying notes are an integral part of these statements.

Task Force Dagger Foundation

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2016

	Immediate Need	SOF Health Initiative	3 Gun Team	Dagger Dive	Swim With the Sharks	MASP Events	Pheasant Hunt	Other Recreational Events	Total Program Services	Fund Raising	Management and General	Total Supporting Services	Total
Ammunition	\$ -	\$ -	\$ 4,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,750	\$ -	\$ -	\$ -	\$ 4,750
Bank Charges	18	-	-	-	-	-	-	-	18	-	435	435	453
Banners & Signs	200	-	-	-	-	-	3,688	-	3,888	-	674	674	4,562
Books, Subscriptions, Reference	-	-	-	-	-	-	-	-	-	-	2,874	2,874	2,874
Career Transition	2,844	-	-	-	-	-	-	-	2,844	-	-	-	2,844
Conference, Convention, Meeting	-	-	-	-	-	-	-	56	56	-	2,648	2,648	2,704
Depreciation expense	-	-	5,234	-	-	-	-	-	5,234	-	2,985	2,985	8,219
Dive Boats	-	-	-	7,900	-	-	-	-	7,900	-	-	-	7,900
Dive Gear	-	-	-	3,556	-	-	-	-	3,556	-	-	-	3,556
Dive Training	-	-	-	-	-	-	-	-	-	-	-	-	-
Event Apperal	-	-	-	3,898	-	-	16,538	-	20,436	-	-	-	20,436
Facilities and Equipment	-	-	-	25,193	-	-	10,108	-	35,301	-	-	-	35,301
Family Excursions	325	-	-	7,082	-	-	-	-	7,407	-	-	-	7,407
Flowers	-	-	-	1,310	-	-	-	-	1,310	-	-	-	1,310
Funeral Support	5,547	-	-	-	-	-	-	-	5,547	-	-	-	5,547
Fundraising Expenses	-	-	-	-	-	-	-	-	-	12,817	-	12,817	12,817
Gift Cards	28,804	-	-	-	-	-	-	-	28,804	-	-	-	28,804
Grants and Scholarships	1,000	-	-	-	-	-	-	-	1,000	-	-	-	1,000
Licenses & Fees	-	-	-	-	-	-	-	-	-	-	50	50	50
Living Expense Support	56,070	-	-	-	-	-	-	-	56,070	-	-	-	56,070
Lodging	38,578	10,393	4,734	80,620	5,746	16,211	623	117	157,022	-	3,014	3,014	160,036
Marketing	-	-	1,560	-	-	-	-	25,000	26,560	-	1,167	1,167	27,727
Medical Care and Devices	58,523	305,915	-	-	-	-	-	-	364,438	-	-	-	364,438
Miscellaneous	-	-	-	210	-	-	-	-	210	-	54	54	264
Office Supplies	-	-	-	519	-	-	-	-	519	-	6,663	6,663	7,182
Payroll Expenses	14,056	16,715	1,457	10,641	548	3,069	2,810	6,936	56,232	2,909	37,811	40,720	96,952
Postage and Mailing Service	3,037	-	27	327	-	-	14	-	3,405	-	984	984	4,389
Printing and Copying	-	-	-	-	-	-	-	-	-	-	330	330	330
Professional Fees	-	-	-	-	-	-	-	-	-	-	12,863	12,863	12,863
Promotionals/Giveaways	-	-	454	3,319	171	957	876	2,163	7,940	-	1,270	1,270	9,210
Rations	1,158	861	593	35,843	4,275	14,541	4,942	-	62,213	-	2,270	2,270	64,483
Repair and Maintenance	-	-	-	-	-	-	-	-	-	-	368	368	368
Safety Gear	-	-	-	2,952	-	-	-	-	2,952	-	-	-	2,952
Supplies	-	-	136	1,798	-	-	11,999	-	13,933	-	61	61	13,994
Telephone	-	-	-	-	-	-	-	-	-	-	4,824	4,824	4,824
Transportation	83,023	16,488	11,544	36,321	740	-	7,220	1,387	156,723	(1)	4,221	4,220	160,943
Travel and Meetings	555	-	-	1,245	-	29,461	-	-	31,261	-	-	-	31,261
Warrior Events	-	-	-	-	-	-	-	109,521	109,521	-	-	-	109,521
Total Expense	293,738	350,372	30,489	222,734	11,480	64,239	58,818	145,180	1,177,050	15,725	85,566	101,291	1,278,341

Management & Fund Raising Percentage

7.57%

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	Pheasant Hunt	Other Recreational Events	Total Program Services	Fund Raising	Management and General	Total Supporting Services	Total
Ammunition	\$ -	\$ -	\$ 3,690	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,690	\$ -	\$ -	\$ -	\$ 3,690
Bank Charges	643	47	-	-	-	-	-	-	690	-	45	45	735
Banners & Signs	-	-	-	1,671	-	-	-	-	1,671	-	-	-	1,671
Books, Subscriptions, Reference	-	-	-	-	-	-	-	-	-	-	358	358	358
Career Transition	2,611	3,995	-	-	-	-	-	-	6,606	-	-	-	6,606
Case Files	4,385	-	-	-	-	-	-	-	4,385	-	-	-	4,385
Conference, Convention, Meeting	-	-	-	55	-	-	-	-	55	934	1,389	2,323	2,378
Contract Services	-	-	-	250	-	-	-	-	250	-	-	-	250
Depreciation expense	-	-	5,234	-	-	-	-	-	5,234	-	2,072	2,072	7,306
Dive Boats	-	-	-	15,004	-	-	-	-	15,004	-	-	-	15,004
Dive Gear	-	-	-	3,487	-	-	-	-	3,487	-	-	-	3,487
Dive Training	-	-	-	7,365	-	-	-	600	7,965	-	-	-	7,965
Event Apperal	-	-	-	700	-	-	-	1,406	2,106	-	-	-	2,106
Facilities and Equipment	-	-	-	15,300	19,238	-	-	-	34,538	-	50	50	34,588
Family Excursions	500	-	-	7,371	-	6,043	-	-	13,914	-	-	-	13,914
Funeral Support	17,045	-	-	-	-	-	-	-	17,045	-	-	-	17,045
Fundraising Expenses	58	-	-	-	-	-	-	-	58	1,985	-	1,985	2,043
Gift Cards	15,975	-	-	-	-	-	-	-	15,975	-	-	-	15,975
Grants and Scholarships	13,979	-	-	-	-	-	-	-	13,979	-	-	-	13,979
Insurance - Liability, D and O	-	16	-	613	-	-	-	-	629	-	-	-	629
Living Expense Support	36,945	-	-	-	-	-	-	-	36,945	-	-	-	36,945
Lodging	21,895	64,414	6,587	52,444	8,980	3,920	-	-	158,240	1,808	685	2,493	160,733
Marketing	-	-	-	-	-	-	-	-	-	515	-	515	515
Medical Care and Devices	23,520	678,966	-	1,700	-	-	-	-	704,186	-	-	-	704,186
Miscellaneous	-	-	-	-	-	16	-	-	16	-	-	-	16
Office Supplies	-	-	-	169	-	84	-	-	253	-	6,514	6,514	6,767
Payroll Expenses	5,929	7,411	-	-	-	-	-	11,858	25,198	31,128	2,980	34,108	59,306
Postage and Mailing Service	1,700	27	361	104	-	20	-	97	2,309	315	779	1,094	3,403
Printing and Copying	-	-	-	-	-	-	-	-	-	-	1,497	1,497	1,497
Professional Fees	-	-	-	-	-	-	-	-	-	-	10,094	10,094	10,094
Promotionals/Giveaways	-	-	-	1,776	-	-	-	9,291	11,067	-	-	-	11,067
Rations	4,021	5,026	1,537	43,316	9,125	6,284	-	-	69,309	112	18	130	69,439
Safety Gear	-	-	-	338	-	-	-	-	338	-	-	-	338
Sound, Stage & Video Expense	-	-	-	900	-	-	-	-	900	-	300	300	1,200
Supplies	-	-	-	3,365	-	106	-	-	3,471	-	136	136	3,607
Telephone	-	-	-	-	-	-	-	-	-	-	1,370	1,370	1,370
Transportation	42,645	31,508	13,986	24,569	1,651	11,874	-	5,977	132,210	771	187	958	133,168
Travel and Meetings	-	-	-	156	-	-	-	-	156	-	-	-	156
Warrior Events	3,711	-	-	-	-	-	-	8,900	12,611	-	-	-	12,611
Total Expense	195,562	791,410	31,395	180,653	38,994	28,347	-	38,129	1,304,490	37,568	28,474	66,042	1,370,532

The accompanying notes are an integral part of these statements.

Task Force Dagger Foundation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2016

1. Nature of Organization

Mission Statement

Task Force Dagger Foundation provides assistance to wounded, ill, or injured US Special Operations Command (USSOCOM) members and their families. We respond to urgent needs, conduct Recreational Therapy Adaptive Events, and provide next-generation health solutions for issues facing our service members. We are a rally point to combat Traumatic Brain Injury (TBI), Post-Traumatic Stress (PTS), and environmental exposures. Our cohesive programs enable families to seize the moment and live life.

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 two full-time salaried employees. 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 Special Operations service members and their families with needs that are not covered by the 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 2016, we provided over \$294,200 in support of 424 service members and 855 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 2016, we provided nearly \$350,000 in support of 29 service members and 48 family members.

Recreational Therapy Events - The Foundation's Recreational Therapy adaptive events (RTAE) Program takes wounded, ill, or injured service members 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 service member 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 2016, the Foundation provided 101 service members and 141 family members with over \$310,000 in support during different events. Additionally, our popular Dagger dive event expenditure exceeded \$222,700.

Task Force Dagger Foundation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015 and 2016

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 \$102,938 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, 2015 and 2016

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, 2016

Task Force Dagger Foundation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015 and 2016

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
Website and software	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, 2015 and 2016

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, 2016, 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.

3. Property and Equipment

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

	<u>2016</u>	<u>2015</u>
Competition firearms	\$ 26,172	\$ 26,172
Equipment	7,325	4,793
Software	1,606	-
Website	8,100	2,850
Accumulated depreciation	<u>(28,570)</u>	<u>(20,351)</u>
Property and equipment, net	<u>\$ 14,633</u>	<u>\$ 13,464</u>
Total annual depreciation expense	\$ 8,219	\$ 7,306

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

Task Force Dagger Foundation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015 and 2016

The Federal Deposit Insurance Corporation (FDIC) federally insures funds deposited in banks up to \$250,000. At June 30, 2016, 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>2016</u>	<u>2015</u>
Gross receipts	\$ 11,055	\$ 6,875
Less contributions received	-	-
Less direct expenses	<u>(11,924)</u>	<u>(5,884)</u>
Net	<u>\$ (869)</u>	<u>\$ 991</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

7. Fair market value of Financial Instruments (continued)

Task Force Dagger Foundation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015 and 2016

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

For the year ended June 30, 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Assets				
Cash and cash equivalents	\$ 144,206			\$ 144,206
Liabilities	\$ -0-			\$ -0-

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-

8. Subsequent Events

The Foundation has evaluated events and transactions occurring subsequent to June 30, 2016 as of November 10, 2016, which is the date the financial statements are available to be issued. The Foundation is not aware of any material events that require recognition or disclosure in the accompanying financial statements.