

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2014

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Tragedy Assistance Program for Survivors, Inc.
Arlington, Virginia

We have audited the accompanying financial statements of Tragedy Assistance Program for Survivors, Inc. ("TAPS"), which comprise the statement of financial position as of December 31, 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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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.

Board of Directors
Tragedy Assistance Program for Survivors, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tragedy Assistance Program for Survivors, Inc. as of December 31, 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.

Emphasis-of-Matter Regarding a Prior Period Adjustment

As discussed in Note 11 to the financial statements, a liability and related expense in the amount of \$219,158, was improperly excluded from the statement of financial position and statement of activities as of and for the period ending December 31, 2013. Accordingly, beginning net assets as of January 1, 2014, were restated to reflect the correction of this error. Our opinion is not modified with respect to that matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
November 20, 2015

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 2,947,098
Pledges Receivable	1,796,500
Prepaid Expenses	<u>69,191</u>
Total Current Assets	4,812,789

INVESTMENTS

756,595

LONG-TERM PLEDGES RECEIVABLE

400,000

PROPERTY AND EQUIPMENT, NET

107,531

INTANGIBLE ASSETS, NET

5,181

OTHER ASSETS

19,870

Total Assets

\$ 6,101,966

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 189,717
Accrued Leave and Salaries	251,825
Deferred Rent	<u>50,543</u>
Total Liabilities	492,085

NET ASSETS

Unrestricted	1,100,558
Temporarily Restricted	<u>4,509,323</u>
Total Net Assets	<u>5,609,881</u>

Total Liabilities and Net Assets

\$ 6,101,966

See accompanying Notes to Financial Statements.

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions and Grants	\$ 6,542,172	\$ 5,763,572	\$ 12,305,744
Seminar Registrations	174,693	-	174,693
Other Income	102,871	-	102,871
Net Assets Released from Restrictions	3,569,892	(3,569,892)	-
Total Support and Revenue	10,389,628	2,193,680	12,583,308
 EXPENSES			
Program Expenses	8,446,402	-	8,446,402
Supporting Services:			
Management and General	777,798	-	777,798
Fundraising	1,937,848	-	1,937,848
Total Supporting Services	2,715,646	-	2,715,646
Total Expenses	11,162,048	-	11,162,048
 CHANGE IN NET ASSETS	(772,420)	2,193,680	1,421,260
Net Assets, January 1, 2014	2,092,136	2,315,643	4,407,779
Prior Period Adjustment	(219,158)	-	(219,158)
Net Assets, January 1, 2014, As Restated	1,872,978	2,315,643	4,188,621
 NET ASSETS, DECEMBER 31, 2014	\$ 1,100,558	\$ 4,509,323	\$ 5,609,881

See accompanying Notes to Financial Statements.

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 1,421,260
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation and Amortization	32,989
Realized and Unrealized Gain on Investments	(4,697)
Changes in Assets and Liabilities:	
Pledges Receivable	(893,773)
Prepaid Expenses and Other Assets	184,830
Accounts Payable	(340,120)
Accrued Leave and Salaries	251,825
Deferred Rent	(5,755)
Net Cash Provided by Operating Activities	<u>646,559</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(99,277)
Sales of Investments	58,622
Purchases of Property and Equipment	(14,612)
Net Cash Used in Investing Activities	<u>(55,267)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	591,292
Cash and Cash Equivalents, January 1, 2014	<u>2,355,806</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31, 2014	<u><u>\$ 2,947,098</u></u>

See accompanying Notes to Financial Statements.

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Tragedy Assistance Program for Survivors, Inc. ("TAPS") was incorporated in Alaska on October 17, 1994. It provides a national military survivor peer support network by offering grief counseling referrals, caseworker assistance, and crisis information to help families and military personnel cope and recover.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting. Revenue is recognized when earned and expense when the obligation is incurred.

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

Income Tax Status

TAPS is exempt from the payment of federal income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as other than a private foundation.

The Organization has adopted the guidance on the income tax standard regarding the recognition and measurement of uncertain tax positions. The adoption of this standard had no impact on the financial statements.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Pledges Receivable

Unconditional pledges receivable are recorded at fair value at the date the promise to give is received. Amounts that are expected to be collected within one year are recorded at their net realizable value. Amounts that are expected to be collected in future years are recorded at the present value of their net realizable value. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue.

Balances are reviewed individually for collectability. As of December 31, 2014, management estimates that all outstanding pledges receivable are fully collectible.

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in marketable securities with readily determinable fair values are stated at fair value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. The Organization reports investment income and gains and losses on investments as increases or decreases in unrestricted net assets unless a donor temporarily or permanently restricts their use.

Financial Instruments

The Organization's financial instruments are cash and cash equivalents, investments, pledges receivable, accounts payable and accrued expenses and other liabilities. The recorded values of cash and cash equivalents, pledges receivable, and accounts payable and accrued expenses and other liabilities approximate their fair values based on their short-term nature. Fair values of investments are based on quoted market prices as of the end of the reporting period.

Fair Value Measurements

TAPS accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. TAPS values its financial instruments based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Hierarchy

TAPS has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1

Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that TAPS has the ability to access. These include investments that are recorded at fair value on a recurring basis and fair value measurement is based upon quoted prices, if available. Securities valued using Level 1 inputs include those traded on active exchanges (such as the New York Stock Exchange).

Level 2

Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include, among others, quoted prices for similar assets or liabilities in an active market or non-active market.

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Hierarchy (Continued)

Level 3

Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Property and Equipment

Acquisitions of property and equipment greater than \$1,000 are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the related assets range from 5 to 10 years.

Intangible Assets

Costs incurred in the development of the Organization's website portal and survivor database have been capitalized as intangible assets. Amortization is computed using the straight-line method over seven years, which is management's estimate of the useful lives.

Net Assets

Net assets are classified into the following categories based on the existence or absence of donor-imposed restrictions:

Unrestricted Net Assets

TAPS' unrestricted net assets represent funds available for general operations.

Temporarily Restricted Net Assets

TAPS' temporarily restricted net assets represent resources received by TAPS that are subject to donor-imposed restrictions for a specified time or purpose.

Revenue Recognition

The Organization records contributions as unrestricted or temporarily restricted support depending on the existence and of any donor restrictions. Contributions are recognized as support in accordance with their terms. Recognition of a pledge occurs on the date the pledge is made or committed. All other income is recognized when earned.

Allocation of Functional Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

In preparing these financial statements, TAPS has evaluated events and transactions for potential recognition or disclosure through November 20, 2015, the date the financial statements were available to be issued.

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 2 CONCENTRATION OF MARKET AND CREDIT RISK

Financial instruments which subject TAPS to a concentration of credit risk consist of demand deposits placed with financial institutions. At times during the year, the Organization had funds on deposit with local financial institutions in excess of the Federal Deposit Insurance Corporation limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash balances. The Organization also invests in a variety of investments. These investments are exposed to various risks, such as fluctuations in market value and credit risk. It is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

NOTE 3 INVESTMENTS

Investments consist of the following at December 31, 2014:

	Cost	Fair Value
Stocks	\$ 183,470	\$ 206,915
USAA Mutual Funds:		
Equity Mutual Funds	113,218	121,259
Fixed Income Mutual Funds	428,172	428,421
Total Investments	<u>\$ 724,860</u>	<u>\$ 756,595</u>

Investment income for the year ended December 31, 2014 is comprised of the following:

Unrealized Loss on Investments	\$ (3,392)
Realized Gain on Investments	8,089
Interest and Dividends, Net	<u>42,705</u>
Total	<u>\$ 47,402</u>

NOTE 4 FAIR VALUE HIERARCHY

The following table presents TAPS' fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2014:

	Level 1	Level 2	Level 3	Total
Stocks	\$ 206,915	\$ -	\$ -	\$ 206,915
USAA Mutual Funds:				
Equity Mutual Funds	121,259	-	-	121,259
Fixed Income Mutual Funds	428,421	-	-	428,421
Total	<u>\$ 756,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 756,595</u>

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 5 PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2014, is as follows:

Furniture and Equipment	\$	133,888
Accumulated Depreciation		<u>(26,357)</u>
Total		<u><u>\$ 107,531</u></u>

Depreciation expense totaled \$15,812 for the year ended December 31, 2014.

NOTE 6 INTANGIBLE ASSETS

Intangible assets at December 31, 2014, consist of the following:

Website Portal Development	\$	190,093
Survivors Database		60,462
Accumulated Amortization		<u>(245,374)</u>
Total		<u><u>\$ 5,181</u></u>

Amortization expense for the year ended December 31, 2014, was \$17,177. Estimated future amortization expense is expected to be as follows:

Year Ending		
<u>2015</u>	\$	<u>5,181</u>
		<u><u>\$ 5,181</u></u>

NOTE 7 PLEDGES RECEIVABLE

As of December 31, 2014, pledges receivable are as follows:

Amounts Due Less than One Year	\$	1,796,500
Amounts Due Between One and Five Years		400,000
Total		<u><u>\$ 2,196,500</u></u>

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2014:

Purpose Restricted:

2015-2017 National Seminars and Good Grief Camps	\$ 380,280
2015-2017 National Suicide Seminars	375,000
2015-2017 Scholarships	400,000
2015 Wisconsin Regional Seminar and Good Grief Camp	30,000
2014 Fort Carson Survivor Seminar and Good Grief Camp	5,700
Helpline / Suicide	500,000
Suicide Pre/Postvention	141,738
Education Support	93,862
Child Grief Guide	31,455
Caregiver Network	930,769
	<u>2,888,804</u>

Time Restricted:

2014 Gala Sponsorships	1,620,519
	<u>1,620,519</u>
Total	<u>\$ 4,509,323</u>

NOTE 9 COMMITMENTS

Office Lease

In September 2012, the Organization entered into a five-year, three-month lease with Clarendon Square Associates LP. The lease has a renewal option for an additional period of five years. Rental payments are due monthly and escalate at a rate of 2.75% annually. Three months' abatement was granted and the total lease payments are being recognized on a straight-line basis over the life of the lease. Related deferred rent totaled \$50,543 at December 31, 2014.

During the year, the Organization entered into leases for expanded space in its existing headquarters location. The leases require payments of equal monthly installments through July 31, 2015.

Total rent expense for the year ended December 31, 2014, totaled \$339,134.

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 9 COMMITMENTS (CONTINUED)

Office Lease (Continued)

Future minimum annual lease payments required under the operating leases are as follows:

Year Ending	
2015	\$ 296,184
2016	236,360
2017	232,556
	\$ 765,100

Equipment and Services Agreement

TAPS has entered into a financing agreement to obtain software and related services over a four-year period. Future minimum payments under this agreement are as follows:

Year Ending	
2015	\$ 21,551
2016	21,551
2017	7,146
	\$ 50,248

Severance Liability

The Organization has entered into an employment agreement with the President through June 30, 2016. The agreement contains a clause whereby the Organization is liable for severance pay in the event of termination other than for cause. At December 31, 2014, the maximum potential amount of severance is approximately \$140,000.

Hotel Contracts

The Organization has entered into contracts for events through 2017. These contracts contain cancellation clauses whereby the Organization will be liable for a calculated fee should the event be cancelled. As of December 31, 2014, the maximum potential fees in the event of cancellation total \$221,000.

NOTE 10 IN-KIND CONTRIBUTIONS

The Organization is provided transportation for the survivors to attend seminars throughout the Hero Miles Program, administered by a 501(c)(3) organization with a similar mission. The number of flights donated for the National Suicide Survivor Seminar in 2014 totaled 393 with an estimated fair value of \$610,000, and the number of flights donated for the National Survivor Seminar in 2014 totaled 672 with an estimated fair value of \$1,043,000. TAPS also received in-kind website planning and development services valued at \$250,000 to assist in the creation of an online education portal. These amounts have been recorded as contributions and program service expense in the Statement of Activities.

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 10 IN-KIND CONTRIBUTIONS (CONTINUED)

During 2014, the Organization also received in-kind services valued at \$178,000 for an analysis of program evaluation processes and tools. These amounts have been recorded as contributions and program service expense in the Statement of Activities.

NOTE 11 PRIOR PERIOD ADJUSTMENT

During the 2014 financial reporting process, it was determined that \$219,158 in event expenses incurred during the period ended December 31, 2013, were not properly reflected as 2013 expense, but rather improperly as 2014 expense. In order to correct this reporting error, a prior period adjustment has been made to reflect the expense in the proper period. The effect of the prior period adjustment is to decrease unrestricted net assets at January 1, 2014, and expenses for the year ended December 31, 2014, by the referenced amount.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
Tragedy Assistance Program for Survivors, Inc.
Arlington, Virginia

We have audited the financial statements of Tragedy Assistance Program for Survivors, Inc. as of and for the year ended December 31, 2014, and our report thereon dated November 20, 2015, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
November 20, 2015

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 2,493,712	\$ 211,339	\$ 378,086	\$ 3,083,137
Benefits	169,300	14,348	25,668	209,316
Payroll Taxes	212,183	17,982	32,170	262,336
Professional Services	933,886	290,143	449,481	1,673,510
Advertising	147	25	65,900	66,072
Supplies and Other Office Expenses	321,595	58,210	72,440	452,245
Information Technology	24,745	20,978	14,295	60,018
Occupancy	206,770	56,330	76,034	339,134
Travel	2,481,192	51,149	107,502	2,639,843
Conferences, Conventions, and Meetings	1,039,380	3,282	433,037	1,475,699
Grants	208,795	-	-	208,795
Depreciation and Amortization	20,113	5,479	7,396	32,989
Insurance	3,776	7,403	847	12,026
Printing, Design and Production	312,135	9,855	102,409	424,399
Merchandise Expense	2,587	22,669	104,041	129,297
All Other Expenses	16,086	8,605	68,541	93,232
Total Expenses	<u>\$ 8,446,402</u>	<u>\$ 777,798</u>	<u>\$ 1,937,848</u>	<u>\$ 11,162,048</u>