

**TRAGEDY ASSISTANCE PROGRAM
FOR SURVIVORS, INC. AND CONTROLLED ENTITY
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**



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AND CONTROLLED ENTITY
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Tragedy Assistance Program for Survivors, Inc. and Controlled Entity (TAPS), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TAPS, as of December 31, 2022, 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.

Change in Accounting Principle

As discussed in Note 14 to the consolidated financial statements, in 2022 TAPS adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the consolidated financial statements, in 2022, TAPS adopted new accounting guidance for contributed nonfinancial assets. The guidance enhances the disclosures related to those assets. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of TAPS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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Board of Directors
Tragedy Assistance Program for Survivors, Inc.
and Controlled Entity

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TAPS' ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.


Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 TAPS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TAPS' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Greenbelt, Maryland
November 9, 2023

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
AND CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 4,908,950
Pledges Receivable	212,800
Prepaid Expenses	19,760
Inventory	91,282
Total Current Assets	5,232,792

INVESTMENTS

241,432

RIGHT OF USE OF ASSET - OPERATING, NET

4,207,795

PROPERTY AND EQUIPMENT, NET

940,241

COLLECTIONS

79,800

OTHER ASSETS

19,870

Total Assets

\$ 10,721,930

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 329,552
Accrued Leave and Salaries	293,048
Lease Liability - Operating - ST	1,116,526
Total Current Liabilities	1,739,126

NONCURRENT LIABILITIES

Lease Liability - Operating - LT	5,020,521
Total Noncurrent Liabilities	5,020,521

Total Liabilities

6,759,647

NET ASSETS

Without Donor Restrictions	933,566
With Donor Restrictions	3,028,717
Total Net Assets	3,962,283

Total Liabilities and Net Assets

\$ 10,721,930

See accompanying Notes to Consolidated Financial Statements.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
AND CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions, Sponsorships, and Grants	\$ 6,246,750	\$ 7,578,626	\$ 13,825,376
Seminar Registrations	33,420	-	33,420
Investment Income	2,858	-	2,858
Other Income	126,922	-	126,922
In-Kind Contributions	1,351,378	-	1,351,378
Net Assets Released from Restrictions	<u>8,337,494</u>	<u>(8,337,494)</u>	<u>-</u>
Total Support and Revenue	16,098,822	(758,868)	15,339,954
EXPENSES			
Program Services:			
Survivor Programs	7,074,811	-	7,074,811
Survivor Care	3,819,222	-	3,819,222
Survivor Seminars	<u>3,573,010</u>	<u>-</u>	<u>3,573,010</u>
Total Program Services:	14,467,043	-	14,467,043
Supporting Services:			
Management and General	1,130,156	-	1,130,156
Fundraising	<u>1,490,900</u>	<u>-</u>	<u>1,490,900</u>
Total Supporting Services	<u>2,621,056</u>	<u>-</u>	<u>2,621,056</u>
Total Expenses	<u>17,088,099</u>	<u>-</u>	<u>17,088,099</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	(989,277)	(758,868)	(1,748,145)
OTHER CHANGES			
Gain on Forgiveness of Paycheck Protection Program Loan	<u>1,091,100</u>	<u>-</u>	<u>1,091,100</u>
CHANGE IN NET ASSETS	101,823	(758,868)	(657,045)
Net Assets - Beginning of Year	<u>831,743</u>	<u>3,787,585</u>	<u>4,619,328</u>
NET ASSETS - END OF YEAR	<u>\$ 933,566</u>	<u>\$ 3,028,717</u>	<u>\$ 3,962,283</u>

See accompanying Notes to Consolidated Financial Statements.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
AND CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Program Services			Supporting Services			Total	
	Survivor Programs	Survivor Care	Survivor Seminars	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries	\$ 2,267,808	\$ 1,961,606	\$ 426,549	\$ 4,655,963	\$ 322,238	\$ 141,098	\$ 463,336	\$ 5,119,299
Professional Services	1,575,222	352,542	396,958	2,324,722	272,149	776,775	1,048,924	3,373,646
Travel, Conferences, Conventions, and Meetings	1,150,998	692,651	2,594,765	4,438,414	11,807	373,426	385,233	4,823,647
Occupancy	872,498	-	-	872,498	33,348	25,138	58,486	930,984
Advertising	-	-	-	-	350,183	53,319	403,502	403,502
Supplies and Other Office Expenses	176,502	270,499	12,440	459,441	31,299	74,186	105,485	564,926
Payroll Taxes	168,418	143,677	29,488	341,583	22,498	10,375	32,873	374,456
Grants	245,201	127,531	-	372,732	-	-	-	372,732
Benefits	96,080	141,633	31,020	268,733	45,344	49	45,393	314,126
Printing, Design, and Production	227,321	58,012	35,626	320,959	4,779	4,392	9,171	330,130
Depreciation	177,396	-	-	177,396	14,609	16,696	31,305	208,701
Information Technology	14,039	8,210	3,436	25,685	13,044	-	13,044	38,729
Insurance	29,717	-	-	29,717	2,447	2,797	5,244	34,961
All Other Expenses	73,611	62,861	42,728	179,200	6,411	12,649	19,060	198,260
Total Expenses	\$ 7,074,811	\$ 3,819,222	\$ 3,573,010	\$ 14,467,043	\$ 1,130,156	\$ 1,490,900	\$ 2,621,056	\$ 17,088,099

See accompanying Notes to Consolidated Financial Statements.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
AND CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (657,045)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	208,701
Unrealized Loss on Investments	(6,486)
Impact of ASC 842 Implementation	(293,072)
Gain on Forgiveness of Paycheck Protection Program Loan	(1,091,100)
Changes in Assets and Liabilities:	
Pledges Receivable, Net	29,753
Prepaid Expenses	61,740
Inventory	(2,600)
Accounts Payable and Accrued Expenses	(175,847)
Accrued Leave and Salaries	29,390
Deferred Revenue	(12,500)
Net Cash Used by Operating Activities	<u>(1,909,066)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Sales of Investments	31,520
Purchase of Investments	(6,725)
Purchases of Property and Equipment	(32,095)
Net Cash Used by Investing Activities	<u>(7,300)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

(1,916,366)

Cash and Cash Equivalents - Beginning of Year

6,825,316

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 4,908,950

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Noncash Transactions Arising from the ASC 842 Adoption:

Recognition of Right-of-Use Asset	\$ (4,207,795)
Recognition of Lease Liability	6,137,047
Write-Off of Deferred Rent	(2,222,324)

See accompanying Notes to Consolidated Financial Statements.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
AND CONTROLLED ENTITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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.

TAPS International LLC was formed in Delaware on July 12, 2017. It extends the mission of TAPS internationally.

Principles of Consolidation

The consolidated financial statements include the accounts of TAPS and TAPS International (collectively referred to as TAPS) because TAPS has controlling financial interest in TAPS International. All significant intercompany balances and transactions have been eliminated in the consolidation.

Estimates

The preparation of consolidated 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 consolidated 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. TAPS International LLC (LLC) is a limited liability company whose operating results flow through to TAPS, which is a sole corporate member. LLC is a disregarded entity for income tax purposes.

TAPS adopted the income tax standard for uncertain tax positions. TAPS evaluated its income tax positions and determined that they are more-likely-than-not to be sustained on examination. TAPS' tax returns are subject to review and examination by federal, state, and local authorities.

Cash and Cash Equivalents

For consolidated financial statement purposes, TAPS considers all highly liquid instruments without donor restrictions with an initial maturity of three months or less to be cash equivalents.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
AND CONTROLLED ENTITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022, management estimates that all outstanding pledges receivable are fully collectible.

Investments

Investments in marketable securities with readily determinable fair values are stated at fair value in the accompanying statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. TAPS reports investment income and gains and losses on investments as increases or decreases in net assets without donor restrictions unless a donor temporarily or permanently restricts their use.

Financial Instruments

TAPS financial instruments are cash and cash equivalents, investments, pledges receivable, long-term 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 value of long-term pledges receivable are based on the net realizable present value. 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 (continued)

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.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
AND CONTROLLED ENTITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Hierarchy

Financial assets and liabilities recorded on the statement 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 nonactive market.

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.

Inventory

Inventory consists of branded merchandise to be sold to the external parties at various events and through the website. It is stated at the lower of cost (first-in, first-out method) or net realizable value.

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. Leasehold improvements are recorded at cost and depreciated over the shorter of the asset's useful life or the term of the lease period.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

TAPS leases office space. TAPS determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position. Finance leases are included in financing lease right-of-use (ROU) assets and financing lease liabilities on the statements of financial position.

ROU assets represent TAPS' right to use an underlying asset for the lease term and lease liabilities represent TAPS' obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, TAPS uses risk free market rate allowed by the new guidance. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that TAPS will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. TAPS has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

TAPS has elected to use a risk-free discount rate, commensurate with the term of the lease, to determine the present value of the lease payments for each lease agreement. TAPS has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Collections

TAPS acquired a statue through donation during the year ended December 31, 2015, which is included in property and equipment. The statue is held for public exhibition and is protected and preserved. The value as of December 31, 2022, is based on fair market value from a third-party appraisal made soon after the donation date. As the estimated useful life of the statue is extremely long, the asset is not depreciated.

Deferred Revenue

Deferred revenue consists of the exchange portion of Gala sponsorships and registrations paid prior to December 31, 2022, for the 2022 Gala. When the event occurs, these payments will be recognized as revenue. Deferred revenue as of December 31, 2022 was \$-0-.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
AND CONTROLLED ENTITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Revenue Recognition

Contributions, Sponsorships, and Grants

TAPS records contributions, sponsorships, and grants as without donor restrictions or with donor restrictions depending on the existence of any donor restrictions. Recognition of a pledge occurs on the date the pledge is made or committed. All other income is recognized when earned at the point of occurrence of an event or incurring qualified grant expenditures.

The annual Gala revenues span multiple years as it takes place each February and TAPS receives payments beginning multiple months prior to the event date. All amounts received prior to December 31, 2022, for the 2021 Gala are divided between the exchange portion (that is, the estimated cost of benefits provided to donors who attend) and the contribution portion. The portion of payment that is an exchange transaction is deferred upon receipt and recognized as revenue after the event takes place. The nonexchange portion of the payment is considered unconditional and with donor restrictions for time by TAPS and is released into net assets without donor restrictions in the year in which the event takes place. The exchange portion of the Gala revenue was \$157,500 and \$199,075 for the years ended December 31, 2022 and 2021, respectively.

Noncash donations are recorded as contributions at their fair values at the date of donation.

Seminar Registrations

Seminar registrations revenue is recognized when the events are held. The records deferred revenue for any amounts for which services have not been provided.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Other Income

Other income primarily consists of merchandise sale income. Revenue is recognized at the point of sale.

Allocation of Functional Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, TAPS allocates personnel and overhead costs to each of its program and supporting services based upon the actual staff time incurred for each program and supporting service.

Measure of Operations

TAPS considers gain on forgiveness of paycheck protection program loan to be a nonoperating activity reported as other change in the statement of activities.

Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the cash and cash equivalents of \$4,908,950, pledges receivable within one year from the date of the consolidated financial statements of \$212,800, and investments of \$241,432. TAPS manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position date by investing in liquid investments.

TAPS also has net assets with donor restrictions of \$3,028,717, a large portion of which will be released from restriction within one year from the date of the consolidated financial statements and used for delivering programs-related services.

Recently Adopted New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

TAPS adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available.

TAPS has elected to adopt the package of practical expedients available in the year of adoption.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted New Accounting Standards (Continued)

TAPS elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct cost before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, TAPS recognized on January 1, 2022, operating ROU asset of \$5,348,634 and operating lease liability of \$7,570,962. Additional detail regarding leases is provided in Note 14 – Leases.

The standard had a material impact on the statement of financial position and statement of cash flows but did not have an impact on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

In September of 2020, the FASB issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires new disclosures and presentation for contributed nonfinancial assets, or more commonly known as gifts-in-kind. TAPS adopted the requirements of the guidance effective January 1, 2022, using the retrospective approach, and included required information in the statements of activities and footnote disclosures to the consolidated financial statements.

Subsequent Events

In preparing these consolidated financial statements, TAPS has evaluated events and transactions for potential recognition or disclosure through November 9, 2023, the date the consolidated financial statements were available to be issued.

NOTE 2 CONCENTRATIONS OF RISKS

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, TAPS had funds on deposit with local financial institutions in excess of the Federal Deposit Insurance Corporation limits. TAPS has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash balances.

Market Value Risk

TAPS 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.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
AND CONTROLLED ENTITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 PLEDGES RECEIVABLE

Promises to give at December 31, 2022, represent unconditional amounts pledged. Pledges expected to be collected in more than one year are reflected at fair value. The fair value is estimated by calculating the present value of estimated future cash flows. There were no long-term pledges received in 2022.

NOTE 4 INVESTMENTS

Investments consist of the following as of December 31, 2022:

	<u>Fair Value</u>
ETF - Equity	\$ 55,647
Stocks	139,021
USAA Mutual Funds:	
Equity Mutual Funds	27,067
Fixed Income Mutual Funds	19,697
Total Investments	<u>\$ 241,432</u>

NOTE 5 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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ETF - Equity	\$ 55,647	\$ -	\$ -	\$ 55,647
Stocks	139,021	-	-	139,021
USAA Mutual Funds:				
Equity Mutual Funds	27,067	-	-	27,067
Fixed Income Mutual Funds	19,697	-	-	19,697
Total	<u>\$ 241,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,432</u>

NOTE 6 PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2022 is as follows:

Furniture and Equipment	\$ 543,773
Leasehold Improvement	1,518,600
Database	60,462
Website	190,093
Accumulated Depreciation and Amortization	<u>(1,372,687)</u>
Total	<u>\$ 940,241</u>

Depreciation expense totaled \$208,701 for the year ended December 31, 2022.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 7 CONTRACT ASSETS AND CONTRACT LIABILITIES

The beginning and ending contract liability balances as of December 31 were as follows:

	<u>2022</u>	<u>2021</u>
Deferred Revenue	\$ -	\$ 12,500

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2022:

Net Assets With Donor Restrictions - Purpose

Restrictions:

Adult Programs	\$ 203,000
Casework	924,792
Helpline	335,000
NMSS & NMSSS	15,000
Outdoor Programs	68,000
Regional Seminars	274,000
Suicide Pre/Postvention	690,000
TAPS International	228,925
Young Adults Program	290,000
Total	<u><u>\$ 3,028,717</u></u>

Net assets released from donor restriction consist of the following at December 31, 2022:

Adult Programs	\$ 480,500
Casework	1,181,635
Collateral Materials	120,000
Education Support	443,229
Helpline	165,000
NMSS & NMSSS	1,192,400
Outdoor Programs	65,000
Regional Seminars	276,638
Resource Kits	100,700
Suicide Pre/Postvention	2,134,849
Survivor Care	1,000
TAPS Institute	250,000
TAPS International	880,765
Young Adults Program	960,000
Youth Services	85,778
Total	<u><u>\$ 8,337,494</u></u>

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
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NOTE 9 IN-KIND CONTRIBUTIONS AND DONATED SERVICES

TAPS received in-kind tickets from various donors valued at approximately \$540,926 for survivors to attend sporting events valued at an independent market price based on the seating selection provided. TAPS also received pro bono legal services valued at \$53,342 valued at the fair value of the professional services available to other nonprofit organization in the same locality. TAPS received advertisement valued at \$452,800 based on the fair market value of the TV-spot available on the market. Other in-kind contributions primarily include gift cards, travel, catering, facilities and a/v services valued at \$304,310 based on fair market prices for similar services available to other nonprofit organization in the same locality. These amounts have been recorded as contributions and program service expense in the accompanying statement of activities.

TAPS receives donated services from a variety of unpaid volunteers assisting in TAPS programs. Total hours were 41,451 for the year ended December 31, 2022. No amounts have been recognized in the accompanying statement of activities because the criteria for the recognition of such volunteer efforts under the respective accounting standards have not been satisfied.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Severance Liability

In, 2022, TAPS has entered into an updated employment agreement with the President through June 30, 2025, with the potential to extend. The current agreement and subsequent agreement contain a clause whereby TAPS is liable for severance pay in the event of termination other than for cause. At December 31, 2022, the maximum potential amount of severance is approximately \$164,000.

Hotel Contracts

TAPS has entered into several contracts for hotel rooms for future meetings and conferences through 2025. In the event of cancellation, TAPS is required to pay various costs stipulated by the contracts, the amounts of which are dependent on the dates of cancellation.

NOTE 11 BENEFIT PLANS

TAPS has established a 401(k) Plan. Employees over 21 years of age, working at least 30 hours per week are eligible for participation after 90 days of employment. Under the Plan, employees may contribute up to 92% of their eligible compensation, subject to statutory limitations. There is a discretionary profit-sharing employer contribution allowed by TAPS to be determined each year. For the year ended December 31, 2022, TAPS did not contribute to the Plan.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
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NOTE 12 PAYCHECK PROTECTION PROGRAM LOAN

On April 20, 2020, TAPS received a loan from a financial institution in the amount of \$1,091,100 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). On May 28, 2021, the amount of this loan was forgiven by the SBA in full.

On January 25, 2021, TAPS received an additional loan from a financial institution in the amount of \$1,091,100 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program. On March 9, 2022, the amount of this loan was forgiven by the SBA in full.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on TAPS' financial position.

NOTE 13 RELATED PARTY TRANSACTIONS

Contributions to TAPS by members of the board of directors of TAPS totaled \$76,600.

NOTE 14 OPERATING LEASE

In June 2017, TAPS entered into a 10-year lease with Clarendon Square Associates LP for move-in January 1, 2018. Rental payments are due monthly and escalate at a rate of 2.50% annually. The lease offers a tenant improvement allowance of up to \$1,518,600 and 18 months' rent abatement.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
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NOTE 14 OPERATING LEASE (CONTINUED)

The following table provides quantitative information concerning the TAPS' leases.

Lease Costs:	
Operating Lease Costs	<u>\$ 904,098</u>
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	1,197,168
Weighted-Average Remaining Lease Term:	
Operating Leases	5.0 Years
Weighted-Average Discount Rate:	
Operating Leases	2.00%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022, is as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2023	\$ 1,227,024
2024	1,257,648
2025	1,289,292
2026	1,321,440
2027	<u>1,354,344</u>
Total Lease Payments	6,449,748
Less: Interest	<u>(312,701)</u>
Present Value of Lease Liabilities	<u>\$ 6,137,047</u>

TAPS subleases portion of its office to a third party. Future minimum rental payments expected to be received from the sublease tenants are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 49,567
2024	50,760
2025	<u>25,943</u>
Total	<u>\$ 126,270</u>