

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
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YEAR ENDED DECEMBER 31, 2018**

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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, 2018, and the related statements of activities, functional expenses, 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, 2018, 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.

Other Matters

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements of Not-For-Profit Entities. Our opinion is not modified with respect to that matter.



CliftonLarsonAllen LLP

Arlington, Virginia
December 23, 2019

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 4,029,943
Pledges Receivable, Net Long-Term Portion	1,757,100
Prepaid Expenses	137,693
Accounts Receivable	29,986
Total Current Assets	<u>5,954,722</u>

INVESTMENTS

106,546

LONG-TERM PLEDGES RECEIVABLE, NET DISCOUNT

1,430,039

PROPERTY AND EQUIPMENT, NET

1,669,693

COLLECTIONS

79,800

INTANGIBLE ASSETS, NET

-

OTHER ASSETS

19,870

Total Assets

\$ 9,260,670

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 272,470
Accrued Leave and Salaries	359,277
Deferred Revenue	25,550
Deferred Rent	317,696
Total Current Liabilities	<u>974,993</u>

DEFERRED RENT, NET OF CURRENT PORTION

2,330,749

Total Liabilities

3,305,742

NET ASSETS (DEFICIT)

Without Donor Restrictions	(3,379,627)
With Donor Restrictions	9,334,555
Total Net Assets	<u>5,954,928</u>

Total Liabilities and Net Assets

\$ 9,260,670

See accompanying Notes to Financial Statements.

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions, Sponsorships, and Grants	\$ 7,815,516	\$ 10,083,918	\$ 17,899,434
Seminar Registrations	208,380	-	208,380
Interest Income	64,086	-	64,086
Other Income	193,684	-	193,684
Net Assets Released from Restrictions	8,614,000	(8,614,000)	-
Total Support and Revenue	16,895,666	1,469,918	18,365,584
EXPENSES			
Program Services:			
Survivor Programs	7,308,380	-	7,308,380
Survivor Care	5,995,191	-	5,995,191
Survivor Seminars	1,967,230	-	1,967,230
Total Program Services:	15,270,801	-	15,270,801
Supporting Services:			
Management and General	1,262,052	-	1,262,052
Fundraising	1,649,234	-	1,649,234
Total Supporting Services	2,911,286	-	2,911,286
Total Expenses	18,182,087	-	18,182,087
CHANGE IN NET ASSETS	(1,286,421)	1,469,918	183,497
Net Assets (Deficit) - Beginning of Year	(2,093,206)	7,864,637	5,771,431
NET ASSETS (DEFICIT) - END OF YEAR	\$ (3,379,627)	\$ 9,334,555	\$ 5,954,928

See accompanying Notes to Financial Statements.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

	Program Services				Supporting Services			Total
	Survivor Programs	Survivor Care	Survivor Seminars	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 1,595,443	\$ 2,871,366	\$ -	\$ 4,466,809	\$ 434,737	\$ 442,882	\$ 877,619	\$ 5,344,428
Benefits	162,788	117,875	-	280,663	13,950	21,311	35,261	315,924
Payroll Taxes	119,125	218,183	-	337,308	26,847	32,701	59,548	396,856
Professional Services	2,798,776	511,297	377,464	3,687,537	223,249	631,570	854,819	4,542,356
Advertising	823	489	-	1,312	-	120	120	1,432
Supplies and Other Office Expenses	89,915	250,723	140,066	480,704	90,231	67,395	157,626	638,330
Information Technology	52,065	23,847	-	75,912	2,437	2,865	5,302	81,214
Occupancy	626,403	156,992	-	783,395	115,415	44,855	160,270	943,665
Travel, Conferences, Conventions, and Meetings	1,759,871	1,023,967	1,423,146	4,206,984	69,033	253,318	322,351	4,529,335
Grants	-	602,994	-	602,994	-	-	-	602,994
Depreciation and Amortization	-	-	-	-	215,395	-	215,395	215,395
Insurance	271	-	-	271	37,755	-	37,755	38,026
Printing, Design, and Production	46,500	204,209	5,532	256,241	25,231	35,589	60,820	317,061
Merchandise Expense	1,344	-	-	1,344	-	89,813	89,813	91,157
All Other Expenses	55,056	13,249	21,022	89,327	7,772	26,815	34,587	123,914
Total Expenses	\$ 7,308,380	\$ 5,995,191	\$ 1,967,230	\$ 15,270,801	\$ 1,262,052	\$ 1,649,234	\$ 2,911,286	\$ 18,182,087

See accompanying Notes to Financial Statements.

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 183,497
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation and Amortization	215,395
Bad Debt Expense	35,626
Changes in Assets and Liabilities:	
Pledges Receivable, Net	244,949
Prepaid Expenses	(120,693)
Accounts Receivable	2,000
Accounts Payable and Accrued Expenses	59,010
Accrued Leave and Salaries	127,903
Deferred Revenue	(10,675)
Deferred Rent	873,504
Net Cash Provided by Operating Activities	<u>1,610,516</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(532)
Purchases of Property and Equipment	<u>(161,765)</u>
Net Cash Used in Investing Activities	<u>(162,297)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,448,219
Cash and Cash Equivalents - Beginning of Year	<u>2,581,724</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 4,029,943</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Leasehold Improvement Acquired Through Improvement Allowance	<u><u>\$ 1,518,600</u></u>

See accompanying Notes to Financial Statements.

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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.

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.

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 financial statement purposes, TAPS considers all unrestricted highly liquid instruments 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, 2018, 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 restricts their use.

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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

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 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.

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 amortized over the shorter of the asset's useful life or the term of the lease period.

Intangible Assets

Costs incurred in the development of TAPS' 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.

Collections

TAPS acquired a statue through donation during the year ended December 31, 2015. The statue is held for public exhibition, and is protected and preserved. The value as of December 31, 2018, 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, 2018, for the 2019 Gala. When the event occurs, these payments will be recognized as revenue.

Net Assets

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

Without Donor Restrictions

Net assets available for use in general operations and not subject to donor restrictions.

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

TAPS records contributions 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.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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, 2018, for the 2019 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 recognized as revenue in the year in which the event takes place.

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

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.

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 following:

Cash and Cash Equivalents	\$ 4,029,943
Pledges Receivable	1,757,100
Accounts Receivable	29,986
Investments	106,546
Total Financial Assets	<u>5,923,575</u>
Net Assets with Donor Restrictions	<u>(9,334,555)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u><u>\$ (3,410,980)</u></u>

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.

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Upcoming Accounting Standards Update

Revenue from Contracts with Customers — In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for TAPS' financial statements for annual reporting periods beginning after December 15, 2018. Management is evaluating the effect of the amended revenue recognition guidance on TAPS' financial statements.

Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made — In June 2018, the FASB issued amended guidance to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The guidance provides a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also requires an entity to determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The guidance should be applied on a modified prospective basis, unless an entity elects a retrospective basis. The standard will be effective for TAPS' financial statements for annual reporting periods beginning after December 15, 2018.

Adoption of New Accounting Standard

During the year ended December 31, 2018, TAPS adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. This standard was issued by the Financial Accounting Standards Board (FASB) to improve the previous net asset classification requirements and the information presented in financial statement and notes about a nonprofit entity's liquidity, financial performance, and cash flows. ASU 2016-14 reduces the number of net asset classifications from three to two: with donor restrictions and without donor restrictions. The ASU also requires nonprofits to report expenses by functional and natural classification in one location in the financial statements and requires nonprofits to report quantitative and qualitative information about management of liquidity resources and availability of financial assets. As required by ASU 2016-14, TAPS applied the requirements in the year of adoption.

Subsequent Events

In preparing these financial statements, TAPS has evaluated events and transactions for potential recognition or disclosure through December 23, 2019, the date the financial statements were available to be issued.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

NOTE 2 CONCENTRATIONS OF RISK

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 financial statements.

Revenue Risk

TAPS received approximately 16% of its total revenue from one donor in the year ended December 31, 2018.

NOTE 3 PLEDGES RECEIVABLE

Promises to give at December 31, 2018, 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. The discount rate used is 2.69%.

The amount of the discounted promises to give as of December 31, 2018, pledges receivable are as follows:

Amounts Due Less than One Year	\$ 1,757,100
Amounts Due Between One and Five Years	1,500,000
Total	<u>3,257,100</u>
Less: Discount to Reduce to Present Value	(69,961)
Net Pledges Receivable	<u><u>\$ 3,187,139</u></u>

NOTE 4 INVESTMENTS

Investments consist of the following as of December 31, 2018:

ETF - Equity	\$ 1,920
Stocks	69,596
USAA Mutual Funds:	
Equity Mutual Funds	17,937
Fixed Income Mutual Funds	17,093
Total Investments	<u><u>\$ 106,546</u></u>

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ETF - Equity	\$ 1,920	\$ -	\$ -	\$ 1,920
Stocks	69,596	-	-	69,596
USAA Mutual Funds:				
Equity Mutual Funds	17,937	-	-	17,937
Fixed Income Mutual Funds	17,093	-	-	17,093
Total	<u>\$ 106,546</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,546</u>

NOTE 6 PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2018, is as follows:

Furniture and Equipment	\$ 454,140
Leasehold Improvement	1,518,600
Accumulated Depreciation and Amortization	<u>(303,047)</u>
Total	<u>\$ 1,669,693</u>

Depreciation expense totaled \$215,395 for the year ended December 31, 2018.

NOTE 7 INTANGIBLE ASSETS

Intangible assets as of December 31, 2018, consist of the following:

Website Portal - Development	\$ 190,093
Survivors Database	60,462
Accumulated Amortization	<u>(250,555)</u>
Total	<u>\$ -</u>

Amortization expense for the year ended December 31, 2018, was \$0.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2018:

Net Assets With Donor Restrictions - Purpose Restrictions	
Helpline/Suicide Post and Prevention	\$ 407,794
Education Support	298,002
Casework	352,332
Future Events	5,639,401
Other Resources	20,000
In Kind Contribution	522,580
Winnefeld / SAFE Project	1,051,626
TAPS PSA	68,320
Subtotal	<u>8,360,055</u>
Net Assets With Donor Restrictions - Time Restrictions	
Gala Sponsorships	974,500
Total	<u><u>\$ 9,334,555</u></u>

NOTE 9 IN-KIND CONTRIBUTIONS AND DONATED SERVICES

TAPS received in-kind tickets from various donors valued at approximately \$482,000 for survivors to attend sporting events. TAPS also received pro bono legal services valued at approximately \$41,000. 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 approximated 67,000 for the year ended December 31, 2018. 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

Severance Liability

TAPS has entered into an employment agreement with the President through June 30, 2019, with the potential to extend for a year. The agreement contains a clause whereby TAPS is liable for severance pay in the event of termination other than for cause. At December 31, 2018, the maximum potential amount of severance is approximately \$152,000. A new agreement was signed subsequent to year-end on July 1, 2019 for a term ending June 30, 2022.

**TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

NOTE 10 COMMITMENTS (CONTINUED)

Office Lease

In September 2012, TAPS entered into a five-year, three-month lease with Clarendon Square Associates LP. The lease had a renewal option for an additional period of five years, expiring on December 31, 2017. Rental payments were due monthly and escalated at a rate of 2.75% annually. Three months' abatement was granted and the total lease payments were recognized on a straight-line basis over the life of the lease. In June 2017, TAPS signed a new ten-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. Total lease payments are recognized on a straight-line basis over the life of the lease. The lease offers a tenant improvement allowance of up to \$1,518,600 and eighteen months' rent abatement. Related deferred rent totaled \$2,648,445 at December 31, 2018.

Total rent expense for the year ended December 31, 2018, totaled \$884,396.

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

<u>Year Ending</u>	<u>Amount</u>
2019	\$ 555,808
2020	1,139,456
2021	1,167,803
2022	1,197,163
2023	1,227,028
Thereafter	5,222,719
Total	<u><u>\$ 10,509,977</u></u>

Hotel Contracts

TAPS has entered into contracts for events through 2022. These contracts contain cancellation clauses whereby TAPS will be liable for a calculated fee should the event be cancelled. As of December 31, 2018, the maximum potential fees in the event of cancellation total approximately \$1,118,000.

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. There is a discretionary profit sharing employer contribution allowed by TAPS to be determined each year. For the year ended December 31, 2018, TAPS did not contribute to the Plan.

TAPS offers medical insurance to full-time employees working at least 30 hours per week after 90 days of employment. For the year ended December 31, 2018, TAPS paid for the individual plan premiums for participating employees, which was \$315,925.