

**FINAL SALUTE INCORPORATED
FOR THE YEAR ENDED DECEMBER 31, 2013**

FINAL SALUTE INCORPORATED FOR THE YEAR ENDED DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Final Salute Incorporated
Haymarket, Virginia

We have audited the accompanying statement of financial position of Final Salute Incorporated (a nonprofit organization) as of December 31, 2013 and the related statements of activities, functional expenses, and cash flows for the year ended and the related notes.

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 misstatements, whether due to fraud or error.

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 assurances about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Final Salute Incorporated as of December 31, 2013, and the changes in its net assets

and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Moran & Company, P.C.

Moran & Company, P.C.
March 31, 2014

FINAL SALUTE INCORPORATED
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2013

ASSETS

	<u>2013</u>
Current Assets:	
Cash	
Unrestricted	<u>\$ 96,759</u>
Total Current Assets	<u>96,759</u>
Equipment:	
Transitional Home	455,000
Donated Facilities	55,000
Vehicles	4,100
Furniture and Fixtures	589
Less Accumulated Depreciation	<u>(4,652)</u>
Total Equipment	<u>510,037</u>
Total Assets	<u>\$ 606,796</u>

FINAL SALUTE INCORPORATED
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2013

LIABILITIES AND NET ASSETS

	<u>2013</u>
Current Liabilities:	
Notes Payable	<u>\$ 430,647</u>
Total Current Liabilities	<u>430,647</u>
Net Assets:	
Unrestricted	<u>176,149</u>
Total Net Assets	<u>176,149</u>
Total Liabilities and Net Assets	<u>\$ 606,796</u>

FINAL SALUTE INCORPORATED
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013		
	Unrestricted	Temporarily Restricted	Total
Revenue:			
Direct Public Support	\$ 386,710	\$ -	\$ 386,710
Grants			
Program Service Income			
Total Revenue	<u>386,710</u>	<u>-</u>	<u>386,710</u>
Expenses:			
Program Services Expenses	240,144	-	240,144
Program Expenses	93,391	-	93,391
Fundraising Expenses	4,366	-	4,366
Total Expenses	<u>337,901</u>	<u>-</u>	<u>337,901</u>
Change in Net Assets from Operations	48,809	-	48,809
Net Assets (Deficit), Beginning of Year	<u>127,340</u>	<u>-</u>	<u>127,340</u>
Net Assets (Deficit), End of Year	<u>\$ 176,149</u>	<u>\$ -</u>	<u>\$ 176,149</u>

FINAL SALUTE INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services	Supporting Services	Fundraising	Total
Advertising and Promotional	\$ -	\$ 23,741	\$ -	\$ 23,741
Appliance	2,580	-	-	2,580
Auto	6,329	-	-	6,329
Bank Service Charges	-	210	-	210
Books and Subscriptions	-	464	-	464
Education Assistance and Childcare	5,243	-	-	5,243
Computer & Internet	-	2,309	-	2,309
Conferences, Conventions and Meetings	67,652	475	-	68,127
Contractual Services	-	12,601	4,366	16,967
Credit Reports	200	-	-	200
Decorations	192	-	-	192
Financial Assistance	22,854	-	-	22,854
Food	1,220	-	-	1,220
Furniture	964	-	-	964
Gifts	809	-	-	809
Housing Assistance	55,493	-	-	55,493
Housing Supplies	1,367	-	-	1,367
Insurance	886	310	-	1,196
License	-	872	-	872
Logo Design	543	-	-	543
Meals and Entertainment - 50%	-	2,183	-	2,183
Membership Dues	120	-	-	120
Moving	1,557	-	-	1,557
Office and Miscellaneous Expense	-	6,353	-	6,353
Pest Control	-	350	-	350
Postage	-	2,689	-	2,689
Professional Services	4,414	9,345	-	13,759
Repairs and Maintenance	17,333	-	-	17,333
Resident Assistant Stipend	2,250	-	-	2,250
Security	3,210	-	-	3,210
Storage	276	-	-	276
Telephone	-	1,327	-	1,327
Training	-	2,000	-	2,000
Transportation	1,267	-	-	1,267
Transitional Housing Facility	28,496	-	-	28,496
Travel	-	26,710	-	26,710
Utilities	11,383	1,452	-	12,835
Total Expense Before Depreciation	236,636	93,391	4,366	334,393
Depreciation	3,508	-	-	3,508
Total Expenses	\$ 240,144	\$ 93,391	\$ 4,366	\$ 337,901

FINAL SALUTE INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	2013
Cash Flows from Operating Activities:	
Change in Net Assets:	\$ 48,809
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	3,508
(Increase) Decrease in Current Assets:	
Other Assets	(455,589)
Increase (Decrease) in Current Liabilities:	
Accounts Payable	419,647
Net Cash provided/(used) by Operating Activities	16,375
Net Increase/(Decrease) in Cash and Cash Equivalents	16,375
Cash and Cash Equivalents-- Beginning	80,384
Cash and Cash Equivalents-- Ending	\$ 96,759

**FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

1. Summary of Significant Accounting Policies:

The accounting and reporting policies of the Organization conform to generally accepted accounting principles. The following is a summary of the significant accounting policies and practices.

Nature of activities:

Final Salute Incorporated is a 501 (c) (3) non-profit organization that was incorporated in the Commonwealth of Virginia in 2010. The Organization was established to provide transitional housing for homeless female veterans and their children.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Contributions Receivable:

For the year ending December 31, 2013, the Organization had no receivables.

Equipment:

Equipment is recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using a straight-line basis over an estimated useful life of five years. The Organization capitalizes assets over \$500.

Program Services and Support Services:

Program services consist of the Organization's educational, promotional, occupancy, travel, office expenses and related services. Support services are comprised of management, general and fund-raising costs.

Subsequent Events:

Management has evaluated subsequent events through March 31, 2014, the date the financial statements were available to be issued.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported

FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

1. Summary of Significant Accounting Policies (continued):

Estimates:

amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes:

The Organization is a not-for-profit corporation that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

Contributions:

In accordance with ASC No. 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

2. Depreciation:

The fixed asset balances less accumulated depreciation at December 31, 2013 were:

	2013
Vehicles	\$ 4,100
Furniture and Fixtures	589
Donated Facilities	55,000
Transitional Facility	455,000
Less: Accumulated Depreciation	<u>(4,652)</u>
Total	<u>\$ 510,037</u>

Depreciation expense for the year ended December 31, 2013 was \$ 3,508.

3. Contributed Property and Equipment:

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. During the period ending December 31, 2013 there was no property contributed.

FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

4. Contributed Services, Materials, and Facilities:

The Organization receives donated services from one hundred and twelve unpaid volunteers assisting the Organization in facilitating and promoting the transitional housing for homeless female veterans and their children.

5. Accounting for Uncertainty in Income Taxes:

The Organization has elected to be treated as a 501 (c) (3) non-profit organization, therefore no taxes are currently payable by the organization.

Interest and penalties would be deductible for GAAP purposes, but for tax purposes the amounts would be removed. The total amount of interest and penalties recognized on the balance sheet is zero.

There is no known event within the next twelve months that will change this status. Tax years still open to examination are 2010-2012

6. Advertising Costs

The Organization records its advertising costs as they are incurred. During the year ended December 31, 2013, the Organization incurred \$23,741 in advertising costs.

7. Fair Value Measurements:

All of the assets and liabilities on the statement of financial position, with exception of the notes payable and transitional home are valued at Level One fair value measurements. The notes payable and transitional home is valued as at historical cost.

8. Concentrations:

During the year ended December 31, 2013, the Organization had a single donor, Strategic Resolution Experts, Incorporated that made 10% of the total donations.

9. Subsequent Events

On January 27, 2014, the organization entered into a mortgage to cover the cost of the transitional home. The organization paid \$25,000 for the transitional home at the auction on December 17, 2013, and on January 27th, 2014 it took a mortgage for the balance of \$388,000 along with \$38,000 cash. The mortgage life is 20 years with the first monthly payment of \$2,757 due on March 5, 2014, and payments to be made on the 5th of each month thereafter.

FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

10. Date of Management's Review

Management has evaluated subsequent events for disclosure in the financial statements through March 31, 2014 which is the date the financial statements were available to be issued.