

FINAL SALUTE INCORPORATED
FOR THE YEAR ENDED DECEMBER 31, 2017

FINAL SALUTE INCORPORATED FOR THE YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Final Salute Incorporated
Haymarket, Virginia

We have audited the accompanying financial statements of Final Salute Incorporated (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and the related statement 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.

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

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

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, 2017, 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.

Sareen & Associates, Inc.

Sareen & Associates, Inc.
Manassas, VA
September 11, 2018

FINAL SALUTE, INC
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2017

Assets

	2017
Current Assets	
Cash & Cash Equivalents	\$ 97,140
Total Current Assets	\$ 97,140
Fixed Assets	
Transitional Home	\$ 553,826
Furniture and Fixtures	5,108
Vehicles	4,100
Accumulated Depreciation	(73,818)
Net Fixed Assets	\$ 489,216
Total Assets	\$ 586,356

Liabilities and Net Assets

Current Liabilities	
Accounts Payable	\$ 28,745
Current Portion of Long Term Debt	13,140
Total Current Liabilities	\$ 41,885
Long Term Liabilities	
Notes and Mortgage Payable	\$ 330,730
Total Long Term Liabilities	\$ 330,730
Total Liabilities	\$ 372,615
Net Assets	
Unrestricted	\$ 213,741
Total Net Assets	\$ 213,741
Total Liabilities and Net Assets	\$ 586,356

See Accompanying Notes to the Financial Statements and Independent Auditor's Report

FINAL SALUTE, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 Unrestricted	2017 Total
Support and Revenue:		
Direct Public Support	\$ 392,247	\$ 392,247
Grants	80,748	80,748
Net Assets Released from Restrictions	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>\$ 472,995</u>	<u>\$ 472,995</u>
Other Income	\$ 1,922	\$ 1,922
Total Other income	<u>\$ 1,922</u>	<u>\$ 1,922</u>
Total Operating Revenue	<u>\$ 474,917</u>	<u>\$ 474,917</u>
Expenses		
Program Expenses		
S.A.F.E.	\$ 119,895	\$ 119,895
H.O.M.E.	280,386	280,386
Stand Up	8,574	8,574
General and Administrative Expenses	38,235	38,235
Fundraising Expenses	<u>5,482</u>	<u>5,482</u>
Total Expenses	<u>\$ 452,572</u>	<u>\$ 452,572</u>
Change in Net Assets from Operations	<u>\$ 22,344</u>	<u>\$ 22,344</u>
Increase (Decrease) in Net Assets	\$ 22,344	\$ 22,344
Net Assets (Deficit), Beginning of Year	<u>\$ 191,396</u>	<u>\$ 191,396</u>
Net Assets (Deficit), End of Year	<u>\$ 213,741</u>	<u>\$ 213,741</u>

See Accompanying Notes to the Financial Statements and Independent Auditor's Report

FINAL SALUTE, INC
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

Expense Category	Program Services				Support Services		2017 Total
	H.O.M.E.	S.A.F.E.	Next Uniform	Total	General and Administrative	Fundraising	
Advertising and Promotional	\$ -	\$ 9,012	\$ -	\$ 9,012	\$ 1,514	\$ 1,001	\$ 11,527
Auto	4,020	191	-	4,211	-	-	4,211
Bank Service Charges	-	-	-	-	1,376	-	1,376
Charitable Contributions	-	250	-	250	-	-	250
Clothing	-	3,449	2,338	5,787	-	-	5,787
Computer & Internet	1,337	-	-	1,337	127	1,161	2,625
Conferences, Conventions and Events	40,826	52,783	-	93,609	-	-	93,609
Contractual Services	2,045	4,677	-	6,722	1,200	-	7,922
Depreciation	17,851	-	-	17,851	-	-	17,851
Financial Assistance	55,678	-	-	55,678	-	-	55,678
Food	1,564	503	-	2,066	5,585	-	7,652
Gifts	4,500	1,007	-	5,507	-	-	5,507
Insurance	8,077	-	-	8,077	-	-	8,077
Interest	20,724	-	-	20,724	-	-	20,724
Membership Dues	-	-	-	-	1,591	-	1,591
Occupancy	41,896	-	-	41,896	-	-	41,896
Office and Miscellaneous Expense	8,231	477	-	8,708	5,398	-	14,107
Professional Services	8,475	-	-	8,475	5,975	2,150	16,600
Repairs and Maintenance	4,526	-	-	4,526	-	-	4,526
Resident Manager Stipend	10,400	-	-	10,400	-	-	10,400
Salary and Wage Expenses	6,236	6,236	6,236	18,709	11,352	1,169	31,230
Storage and Moving	-	14,431	-	14,431	-	-	14,431
Supplies	1,514	-	-	1,514	-	-	1,514
Tax & License	8,642	-	-	8,642	1,918	-	10,560
Training and Education Assistance	3,102	-	-	3,102	-	-	3,102
Travel	26,881	26,881	-	53,761	-	-	53,761
Utilities	3,859	-	-	3,859	2,198	-	6,058
Total Expenses	\$ 280,386	\$ 119,895	\$ 8,574	\$ 408,855	\$ 38,235	\$ 5,482	\$ 452,572

See Accompanying Notes to the Financial Statements and Independent Auditor's Report

FINAL SALUTE, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Net income (loss)	\$	22,344
Adjustments to reconcile net income (loss) to Net cash provided by operating activities:		
Depreciation	\$	17,851
(Increase) decrease in Accounts Receivable		506
(Increase) decrease in Prepaid Expenses & Deposits		-
Increase (decrease) in Accounts Payable		27,297
Increase (decrease) in Accrued Liabilities		(1,549)
		-
Total Adjustments	\$	44,106
Net Cash Provided (Used) By Operating Activities	\$	66,450

CASH FLOWS FROM INVESTING ACTIVITIES

(Increase) decrease in Fixed Assets	\$	(91,012)
Net Cash Provided (Used) by Investing Activities	\$	(91,012)

CASH FLOWS FROM FINANCING ACTIVITIES

Principle payments on long-term debt	\$	(12,360)
Net Cash Provided (Used) by Financing Activities	\$	(12,360)

NET INCREASE (DECREASE) IN CASH (36,922)

CASH AT BEGINNING OF PERIOD 134,061

CASH AT END OF PERIOD \$ 97,140

Interest Paid: \$ 20,724
Income Taxes Paid: \$ 0

See Accompanying Notes to the Financial Statements and Independent Auditor's Report

FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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.

Organization and 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 receive public contributions which are to be used to provide transitional housing for homeless female veterans and their children.

Three Major Programs:

The **H.O.M.E. Program** provides transitional housing, on-site case management, food, clothing, transportation, child care subsidy/assistance, employment support and other essential supportive services to homeless female Veterans and their children. During the 2017 year **two female vets** and **six children** were assisted through this program. We also provided **604** days of housing. An extensive construction project has decreased the housing capabilities of the organization during 2017. That construction was completed during the summer of 2018.

The **S.A.F.E. program** provides valuable financial education resources on saving, budgeting and living on a fixed income. S.A.F.E provides emergency financial support by assisting with past due rent, security deposits and utility assistance. Residents of our H.O.M.E. program are also required to participant in the financial education components of our S.A.F.E. program. Throughout 2017 The S.A.F.E. Program assisted **87 female vets** and **170 children**; in addition, we provided financial education documents and resources to **469 female vets** and **677 children**.

The **Next Uniform program**, formerly known as the **Stand-Up for Women Vets program** provides support for female Veterans and military women in transition to the civilian workforce. We provide free of charge: Professional Business Attire, Dress Shoes, Accessories, Make-Overs, Image Consulting, and Professional Head-Shots. **Two Hundred and Ninety** women were helped through this program in 2017.

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.

FINAL SALUTÉ INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Property and Equipment:

Property and 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 and depreciates assets over \$500.

Program Services and Support Services:

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

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 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 not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

2. Depreciation:

The fixed asset balances less accumulated depreciation at December 31, 2017 were:

	2017
Vehicles	\$ 4,100
Furniture and Fixtures	5,108
Transitional Facility	553,826
Less: Accumulated Depreciation	<u>(73,818)</u>
Total	<u>\$ 489,216</u>

Depreciation expense for the year ended December 31, 2017 was \$17,851.

The Transitional facility was purchased and recorded at cost as stipulated by GAAP as all of the organizations assets are. The facility was subsequently appraised at a value of \$800,000 and no appraisals have been made since the current remodel.

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, 2017 there was no property contributed.

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. There is no value assigned to these unskilled services in the financial statements.

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 2015-2017.

FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

6. Advertising Costs

The Organization uses advertising to promote its programs and provide financial literacy and education to the community that it serves. The Organization records its advertising costs as they are incurred. During the year ended December 31, 2017 the Organization incurred \$11,527 in advertising and promotion.

7. Notes Payable and Mortgages:

In February of 2014, the Organization entered into a mortgage agreement with BB & T with payments starting March 5, 2014 and ending on February 5, 2024 with an APR of 5.83%.

The payment schedule for the next five years is:

2018	\$	13,141
2019		13,907
2020		14,698
2021		15,645
2022		16,595
	\$	73,986

8. Fair Value Measurements:

GAAP requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, accounts receivable, Notes and Mortgage Payable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

8. Concentrations:

During the year ended December 31, 2017, the Organization had one donor, Department of Florida American Legion Auxiliary that donated approximately 23% of Final Salute's total support.

9. Subsequent Events and Date of Management's Review

Management has evaluated subsequent events for disclosure in the financial statements through September 11, 2018, the date the financial statements were available to be issued. There were no other subsequent events for disclosure.