

**FINAL SALUTE INCORPORATED
FOR THE YEAR ENDED DECEMBER 31, 2012**

FINAL SALUTE INCORPORATED FOR THE YEAR ENDED DECEMBER 31, 2012

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Moran & Company P.C.

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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 as of December 31, 2012 and the related statements of activities, functional expenses, and cash flows for the year ended. These financial statements are the responsibility of the Organization's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our 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, 2012, 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.

January 6, 2014

FINAL SALUTE INCORPORATED
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2012

ASSETS

	<u>2012</u>
Current Assets:	
Cash	
Unrestricted	<u>\$ 80,384</u>
Total Current Assets	<u>80,384</u>
Equipment:	
Vehicles	4,100
Donated Facilities	<u>55,000</u>
	59,100
Less Accumulated Depreciation	<u>(1,144)</u>
Total Equipment	<u>57,956</u>
Total Assets	<u>\$ 138,340</u>

FINAL SALUTE INCORPORATED
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2012

LIABILITIES AND NET ASSETS

	<u>2012</u>
Current Liabilities:	
Accounts payable	\$ <u>11,000</u>
Total Current Liabilities	<u>11,000</u>
Net Assets:	
Unrestricted	<u>127,340</u>
Total Net Assets	<u>127,340</u>
Total Liabilities and Net Assets	<u>\$ 138,340</u>

FINAL SALUTE INCORPORATED
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012		
	Unrestricted	Temporarily Restricted	Total
Revenue:			
Direct Public Support	\$ 329,363	\$ -	\$ 329,363
Grants	35,000	-	35,000
Program Service Income	59,100	-	59,100
Total Revenue	<u>423,463</u>	<u>-</u>	<u>423,463</u>
Expenses:			
Management & General Expenses	78,778	-	78,778
Program Expenses	224,185	-	224,185
Fundraising Expenses	4,600	-	4,600
Total Expenses	<u>307,563</u>	<u>-</u>	<u>307,563</u>
Change in Net Assets from Operations	115,900	-	115,900
Net Assets (Deficit), Beginning of Year	<u>11,440</u>	<u>-</u>	<u>11,440</u>
Net Assets (Deficit), End of Year	<u>\$ 127,340</u>	<u>\$ -</u>	<u>\$ 127,340</u>

FINAL SALUTE INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program		Fundraising	Total
	Services	Supporting Services		
Advertising and Promotional	\$ -	\$ 19,977	\$ -	\$ 19,977
Appliance	571	-	-	571
Auto	4,285	-	-	4,285
Bank Service Charges	-	112	-	112
Books and Subscriptions	-	459	-	459
Charitable Donations	-	345	-	345
Clothing	467	-	-	467
Computer & Internet	-	4,364	-	4,364
Conferences, Conventions and Meetings	114,332	518	-	114,850
Contractual Services	-	16,895	4,600	21,495
Credit Reports	-	390	-	390
Decorations	98	-	-	98
Financial Assistance	13,969	-	-	13,969
Food	2,395	-	-	2,395
Furniture	5,461	-	-	5,461
Gifts	235	-	-	235
Housing Assistance	2,622	-	-	2,622
Housing Supplies	3,782	-	-	3,782
Insurance	1,920	18	-	1,938
Junk/Trash Removal	-	485	-	485
License	-	499	-	499
Locksmith	-	2,447	-	2,447
Meals and Entertainment - 50%	-	5,171	-	5,171
Membership Dues	505	-	-	505
Moving	242	-	-	242
Office and Miscellaneous Expense	-	2,864	-	2,864
Pest Control	-	220	-	220
Postage	-	1,584	-	1,584
Professional Services	720	380	-	1,100
Repairs and Maintenance	16,530	-	-	16,530
Resident Assistant Stipend	250	-	-	250
Telephone	-	2,566	-	2,566
Training	-	300	-	300
Transitional Housing Facility	47,550	-	-	47,550
Travel	-	19,184	-	19,184
Utilities	7,107	-	-	7,107
Total Expense Before Depreciation	223,041	78,778	4,600	306,419
Depreciation	1,144	-	-	1,144
Total Expenses	\$ 224,185	\$ 78,778	\$ 4,600	\$ 307,563

FINAL SALUTE INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

	2012
Cash Flows from Operating Activities:	
Change in Net Assets:	\$ 115,900
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	1,144
(Increase) Decrease in Current Assets:	
Other Assets	(59,100)
Increase (Decrease) in Current Liabilities:	
Accounts Payable	11,000
Net Cash provided/(used) by Operating Activities	68,944
 Net Increase/(Decrease) in Cash and Cash Equivalents	 68,944
Cash and Cash Equivalents-- Beginning	11,440
Cash and Cash Equivalents-- Ending	\$ 80,384

**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, 2012, 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 January 6, 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, 2012 were:

	2012
Vehicles	\$ 4,100
Donated Facilities	55,000
Less: Accumulated Depreciation	<u>(1,144)</u>
Total	<u>\$ 57,956</u>

Depreciation expense for the year ended December 31, 2012 was \$ 1,144.

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, 2012 there was \$59,100 in contributed property & equipment.

4. Contributed Services, Materials, and Facilities:

The Organization receives donated services from one hundred and twelve unpaid volunteers

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

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.

6. Advertising Costs

The Organization records its advertising costs as they are incurred. During the year ended December 31, 2012, the Organization incurred \$19,977 in advertising costs.

7. Fair Value Measurements:

All of the assets and liabilities on the statement of financial position, with exception of the donated facility, are valued at Level One fair value measurements. The donated facility is valued at Level two fair value measurements.

8. Concentrations:

During the year ended December 31, 2012, the Organization had eleven individual donors that gave 56.4% of the total amount of cash donations.

9. Subsequent Events

On January 3, 2013, it was determined by management that the 1999 Subaru donated to Final Salute on September 25, 2012 would be too costly to repair and was scrapped. Accordingly, the Subaru has not been included in the financial statements.