

**FINAL SALUTE INCORPORATED
FOR THE YEAR ENDED DECEMBER 31, 2016**

FINAL SALUTE INCORPORATED FOR THE YEAR ENDED DECEMBER 31, 2016

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MORAN & COMPANY, PC

Certified Public Accountants

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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 statements of Final Salute Incorporated (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016 and the related statements of activities and cash flows for the year 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, 2016, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 5 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Moran & Company, P.C.

Manassas, VA

June 27, 2017

FINAL SALUTE, INC
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2016

Assets

	2016
Current Assets	
Cash & Cash Equivalents	\$ 134,061
Short Term Notes & Other Receivables	506
Total Current Assets	134,567
Fixed Assets	
Transitional Home	465,056
Donated Facility	-
Furniture and Fixtures	3,618
Vehicles	4,100
Accumulated Depreciation	(55,967)
Net Fixed Assets	416,807
Total Assets	\$ 551,375

Liabilities and Net Assets

Current Liabilities	
Accounts Payable	\$ 1,447
Accrued Liabilities	1,500
Current Portion of Long Term Debt	12,360
Total Current Liabilities	15,307
Long Term Liabilities	
Notes and Mortgage Payable	343,871
Total Long Term Liabilities	343,871
Total Liabilities	359,178
Net Assets	
Unrestricted	192,197
Temporarily Restricted	-
Total Net Assets	192,197
Total Liabilities and Net Assets	\$ 551,375

SEE NOTES TO FINANCIAL STATEMENTS

FINAL SALUTE, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Unrestricted	2016 Temporarily Restricted	2016 Total
Support and Revenue:			
Direct Public Support	\$ 583,279	\$ -	\$ 583,279
Grants	-	-	-
Net Assets Released from Restrictions	-	-	-
	<hr/>	<hr/>	<hr/>
Total Support and Revenue	\$ 583,279	\$ -	\$ 583,279
	<hr/>	<hr/>	<hr/>
Other Income	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>
Total Other income	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>
Total Operating Revenue	\$ 583,279	\$ -	\$ 583,279
	<hr/>	<hr/>	<hr/>
Expenses			
Program Expenses			
S.A.F.E.	103,781		103,781
H.O.M.E.	322,782		322,782
Stand Up	20,477		20,477
General and Administrative Expenses	53,542	-	53,542
Fundraising Expenses	14,376	-	14,376
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 514,958	\$ -	\$ 514,958
	<hr/>	<hr/>	<hr/>
Change in Net Assets from Operations	\$ 68,321	\$ -	\$ 68,321
	<hr/>	<hr/>	<hr/>
Increase (Decrease) in Net Assets	\$ 68,321	\$ -	\$ 68,321
	<hr/>	<hr/>	<hr/>
Net Assets (Deficit), Beginning of Year	\$ 123,876	\$ -	\$ 123,876
	<hr/>	<hr/>	<hr/>
Net Assets (Deficit), End of Year	\$ 192,197	\$ -	\$ 192,197
	<hr/>	<hr/>	<hr/>

SEE NOTES TO FINANCIAL STATEMENTS

FINAL SALUTE, INC
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

Expense Category	Program Services			Support services	
	H.O.M.E.	S.A.F.E.	Stand Up	Total	General and Administrative
Advertising and Promotional	\$ 18,272	\$ 3,642	\$ 1,888	\$ 23,802	\$ -
Auto	1,511	3,988	-	5,499	-
Bank Service Charges	-	-	-	-	2,257
Charitable Contributions	-	2,366	-	2,366	-
Childcare	-	-	-	-	-
Clothing	-	3,933	-	3,933	-
Computer & Internet	1,958	92	-	2,050	22
Conferences, Conventions and Events	21,150	56,376	-	77,525	-
Contractual Services	20,176	-	20,176	20,176	1,300
Decorations	-	-	-	-	-
Depreciation	18,103	-	18,103	18,103	-
Food	7,461	-	7,461	7,461	4,168
Gifts	824	1,995	-	2,820	-
Insurance	11,070	-	11,070	11,070	-
Interest	21,464	-	21,464	21,464	-
Membership Dues	-	-	-	-	-
Occupancy	46,056	-	46,056	46,056	-
Office and Miscellaneous Expense	4,157	70	4,227	4,227	12,228
Professional Services	26,116	-	26,116	26,116	10,464
Repairs and Maintenance	22,231	-	22,231	22,231	-
Resident Manager Stipend	7,200	-	7,200	7,200	-
Salary and Wage Expenses	18,589	18,589	55,767	55,767	10,456
Storage and Moving	9,906	-	9,906	9,906	-
Supplies	1,741	-	1,741	1,741	-
Tax & License	5,133	-	5,133	5,133	5,429
Training and Education Assistance	1,000	-	1,000	1,000	-
Travel	62,890	2,824	65,714	65,714	-
Utilities	5,681	-	5,681	5,681	7,219
Total Expenses	\$ 322,782	\$ 103,781	\$ 20,477	\$ 447,040	\$ 53,542
					\$ 14,376
					\$ 514,958
					2016 Total

SEE NOTES TO FINANCIAL STATEMENTS

FINAL SALUTE, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Net income (loss)	\$	68,321
Adjustments to reconcile net income (loss) to net cash provided by operating activities :		
Depreciation	\$ 18,103	
(Increase) decrease in Accounts Receivable	6,369	
(Increase) decrease in Prepaid Expenses & Deposits	-	
Increase (decrease) in Accounts Payable	410	
Increase (decrease) in Accrued Liabilities	(49)	
Total Adjustments	\$	<u>24,833</u>
Net Cash Provided (Used) By Operating Activities	\$	93,154

CASH FLOWS FROM INVESTING ACTIVITIES

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

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from the issuance of long-term debt	\$ -	
Principle payments on long-term debt	\$ (11,594)	
Net Cash Provided (Used) by Financing Activities	\$	<u>(11,594)</u>

NET INCREASE (DECREASE) IN CASH **81,560**

CASH AT BEGINNING OF PERIOD **52,501**

CASH AT END OF PERIOD **\$ 134,062**

Interest Paid: \$ 23,916
Income Taxes Paid: \$ 0

SEE NOTES TO FINANCIAL STATEMENTS

**FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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 women Veterans and their children. During the 2016 year **seven women vets** and **six children** were assisted through this program. We also provided **1,614** days of housing.

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 participate in the financial education components of our S.A.F.E program. Throughout 2016 The S.A.F.E. Program assisted **37 women vets** and **66 children**; in addition we provided financial education documents and resources to **377** women vets and **595** children.

The **Stand-Up for Women Vets program** provides support for women 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** women were helped through this program in 2016.

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 SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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 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 June 27, 2017, 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 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, 2016

2. Depreciation:

The fixed asset balances less accumulated depreciation at December 31, 2016 were:

	2016
Vehicles	\$ 4,100
Furniture and Fixtures	3,618
Transitional Facility	465,056
Less: Accumulated Depreciation	<u>(55,967)</u>
Total	<u>\$ 416,807</u>

Depreciation expense for the year ended December 31, 2016 was \$18,103.

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.

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, 2016 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 2013-2015.

**FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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, 2016 the Organization incurred \$26,252 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:

	2017	\$	12,360		
	2018		13,141		
	2019		13,907		
	2020		14,698		
	2021		15,645		
	Total	\$	69,750		

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, 2016, the Organization had one donor, The Flatley Foundation that donated approximately 43% of Final Salute's total support.

9. Subsequent Events

There were no subsequent events

10. Date of Management's Review

Management has evaluated subsequent events for disclosure in the financial statements through June 27, 2017 which is the date the financial statements were available to be issued.