

# **FINAL SALUTE INCORPORATED**

Financial Statements

December 31, 2018

(with summarized information for the year ended  
December 31, 2017)

(With Independent Auditors' Report Thereon)

**FINAL SALUTE INCORPORATED**

**TABLE OF CONTENTS**

	<b><u>Page No.</u></b>
INDEPENDENT AUDITORS' REPORT	1- 2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF CHANGES IN NET ASSETS	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8-12

INDEPENDENT AUDITORS' 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, 2018 and the related statement of activities, changes in net assets, 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 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, 2018, and the changes in their net assets, their functional expenses and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited Final Salute, Incorporated 2017 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated September 11, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Sareen & Associates, Inc.*

Sareen & Associates, Inc.  
Manassas, VA  
January 27, 2020

**Final Salute Incorporated**  
**Statement of Financial Position**  
**December 31, 2018**  
(with comparative information as of December 31, 2017)

	<u>2018</u>	<u>2017</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 165,860	\$ 97,140
Prepaid Expenses	1,728	-
<b>Total current assets</b>	<b>\$ 167,588</b>	<b>\$ 97,140</b>
<b>Noncurrent assets</b>		
Transitional Home	\$ 568,826	\$ 553,826
Furniture and Fixtures	7,017	5,108
Vehicles	4,100	4,100
Accumulated Depreciation	(92,056)	(73,818)
<b>Total noncurrent assets</b>	<b>487,887</b>	<b>489,216</b>
<b>Total assets</b>	<b>\$ 655,475</b>	<b>\$ 586,356</b>
<b>Liabilities and net assets:</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 8,190	\$ 28,745
Credit Cards	59	-
Current Portion of Long Term Debt	13,907	13,140
<b>Total current liabilities</b>	<b>22,156</b>	<b>41,885</b>
<b>Noncurrent liabilities</b>		
Notes and Mortgage Payable	\$ 316,854	\$ 330,730
<b>Total noncurrent liabilities</b>	<b>316,854</b>	<b>330,730</b>
<b>Total liabilities</b>	<b>\$ 339,010</b>	<b>\$ 372,615</b>
<b>Net assets:</b>		
Without donor restrictions	316,465	213,741
With donor restrictions	-	-
<b>Total net assets</b>	<b>316,465</b>	<b>213,741</b>
<b>Total liabilities and net assets</b>	<b>\$ 655,475</b>	<b>\$ 586,356</b>

SEE ACCOMPANYING NOTES TO THESE FINANCIAL STATEMENTS

**Final Salute Incorporated**  
**Statement of Activities**  
**Year Ended December 31, 2018**  
(with summarized information for the year ended December 31, 2017)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2018	2017
<b>Revenues, gains, and other support:</b>				
Direct Public Support	\$ 655,496	-	\$ 655,496	\$ 392,247
Grants	-	-	-	80,748
Other Income	-	-	-	1,922
	<b>655,496</b>	<b>-</b>	<b>655,496</b>	<b>474,917</b>
<b>Net assets released from restrictions:</b>				
<b>Total net assets released from restrictions</b>	-	-	-	-
<b>Total revenues, gains, and other support</b>	<b>\$ 655,496</b>	<b>\$ -</b>	<b>\$ 655,496</b>	<b>\$ 474,917</b>
<b>Expenses and losses:</b>				
Program Expenses				
H.O.M.E.	\$ 361,174	-	\$ 361,174	\$ 280,386
S.A.F.E.	134,704	-	134,704	119,895
Stand Up	2,035	-	2,035	8,574
General and Administrative Expenses	52,649	-	52,649	38,235
Fundraising Expenses	2,210	-	2,210	5,482
<b>Total expenses</b>	<b>552,772</b>	<b>-</b>	<b>552,772</b>	<b>452,572</b>
<b>Total expenses and losses</b>	<b>552,772</b>	<b>-</b>	<b>552,772</b>	<b>452,572</b>
<b>Change in net assets</b>	<b>102,724</b>	<b>-</b>	<b>102,724</b>	<b>22,344</b>
Net assets at beginning of year	213,741	-	213,741	191,397
Net assets at end of year	<b>\$ 316,465</b>	<b>\$ -</b>	<b>\$ 316,465</b>	<b>\$ 213,741</b>

**Final Salute Incorporated**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2018**  
(with summarized information for the year ended December 31, 2017)

	Without Donor	With Donor	Totals	
	Restrictions	Restrictions	2018	2017
<b>Revenues, gains, and other support:</b>				
Revenues and gains without donor restrictions	\$ 655,496		\$ 655,496	\$ 474,917
Revenues and gains with donor restrictions:			-	-
Net assets released from restrictions	-	-	-	-
<b>Total revenues, gains, and other support</b>	<b>\$ 655,496</b>	<b>-</b>	<b>\$ 655,496</b>	<b>\$ 474,917</b>
<b>Expenses and losses:</b>				
Expenses and losses	552,772	-	552,772	452,572
<b>Total expenses and losses</b>	<b>\$ 552,772</b>	<b>-</b>	<b>\$ 552,772</b>	<b>\$ 452,572</b>
<b>Change in net assets</b>	<b>102,724</b>	<b>-</b>	<b>102,724</b>	<b>22,344</b>
Net assets at beginning of year	213,741	-	213,741	191,397
<b>Net assets at end of year</b>	<b>\$ 316,465</b>	<b>\$ -</b>	<b>\$ 316,465</b>	<b>\$ 213,741</b>

**Final Salute Incorporated**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2018**  
(with summarized information for the year ended December 31, 2017)

Expense Category	Program Activities			Supporting Activities			Total Expenses		
	H.O.M.E.	S.A.F.E.	Stand Up	Program SubTotal	General and Administrative Expenses	Fundraising Expenses	Supporting Subtotal	2018	2017
Advertising and Promotional	\$ 5,061	\$ 13,635	\$ -	\$ 18,697	\$ 1,349	\$ -	\$ 1,349	\$ 20,045	\$ 11,527
Auto	4,387	2,122	-	6,509	-	-	-	6,509	4,211
Baby Shower	-	3,569	-	3,569	-	-	-	3,569	-
Bank Service Charges	-	-	-	-	4,445	-	4,445	4,445	1,376
Business Development	3,250	-	-	3,250	-	-	-	3,250	-
Care Package	-	174	-	174	-	-	-	174	-
Charitable Contributions	-	934	-	934	-	-	-	934	250
Clothing	-	5,901	2,035	7,936	-	-	-	7,936	5,787
Computer & Internet	3,808	-	-	3,808	220	2,210	2,430	6,238	2,625
Conferences, Conventions and Events	88,745	23,869	-	112,614	-	-	-	112,614	93,609
Contractual Services	3,045	2,896	-	5,941	2,800	-	2,800	8,741	7,922
Depreciation	18,238	-	-	18,238	-	-	-	18,238	17,851
Equipment Rental	466	-	-	466	-	-	-	466	-
Financial Assistance	20,142	6,322	-	26,464	-	-	-	26,464	55,678
Food	1,296	-	-	1,296	17,696	-	17,696	18,992	7,652
Furniture Rental	830	-	-	830	-	-	-	830	-
Gifts	11,424	5,157	-	16,581	-	-	-	16,581	5,507
Insurance	3,045	167	-	3,212	-	-	-	3,212	8,077
Interest	20,223	-	-	20,223	-	-	-	20,223	20,724
Membership Dues	-	-	-	-	1,683	-	1,683	1,683	1,591
Moving Expenses	-	500	-	500	-	-	-	500	-
Occupancy	9,215	-	-	9,215	-	-	-	9,215	41,896
Office and Miscellaneous Expense	10,681	9,182	-	19,863	9,582	-	9,582	29,445	14,107
Postage and Mailing	226	226	-	451	-	-	-	451	-
Professional Services	12,000	-	-	12,000	13,134	-	13,134	25,134	16,600
Program Expenses	4,816	-	-	4,816	-	-	-	4,816	-
Reimbursement	-	1,034	-	1,034	-	-	-	1,034	-
Repairs and Maintenance	4,284	-	-	4,284	-	-	-	4,284	4,526
Resident Manager Stipend	8,400	-	-	8,400	-	-	-	8,400	10,400
Salary and Wage Expenses	-	-	-	-	-	-	-	-	31,230
Storage and Moving	-	15,691	-	15,691	-	-	-	15,691	14,431
Supplies	7,007	-	-	7,007	-	-	-	7,007	1,514
Tax & License	9,316	-	-	9,316	-	-	-	9,316	10,560
Training and Education Assistance	-	450	-	450	-	-	-	450	3,102
Travel	42,875	42,875	-	85,750	-	-	-	85,750	53,761
Utilities	4,275	-	-	4,275	1,741	-	1,741	6,016	6,058
Pay Pal Fees	3,418	-	-	3,418	-	-	-	3,418	-
PayPal Expenses and Charge Backs	60,703	-	-	60,703	-	-	-	60,703	-
<b>Total Expenses</b>	<b>\$ 361,174</b>	<b>\$ 134,704</b>	<b>\$ 2,035</b>	<b>\$ 497,913</b>	<b>\$ 52,649</b>	<b>\$ 2,210</b>	<b>\$ 54,859</b>	<b>\$ 552,772</b>	<b>\$ 452,572</b>

**Final Salute Incorporated**  
**Statement of Cash Flows**  
**Year Ended December 31, 2018**  
(with comparative information as of December 31, 2017)

	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 102,724	\$ 22,344
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	\$ 18,238	\$ 17,851
(Increase)/decrease provided by accounts receivable	-	506
(Increase)/decrease in inventories and prepaid expenses	(1,728)	
Increase/(decrease) in accounts payable	(20,496)	27,297
Increase/(decrease) in accrued liabilities		(1,549)
<b>Net cash used by operating activities</b>	<b>\$ 98,738</b>	<b>\$ 66,450</b>
<b>Cash flows from investing activities:</b>		
Purchase of equipment	(16,909)	(91,012)
<b>Net cash provided by (used in) investing activities</b>	<b>\$ (16,909)</b>	<b>\$ (91,012)</b>
<b>Cash flows from financing activities:</b>		
Payments on notes payable	\$ (13,109)	\$ (12,360)
<b>Net cash provided by (used in) financing activities</b>	<b>\$ (13,109)</b>	<b>\$ (12,360)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>68,721</b>	<b>(36,922)</b>
Cash and cash equivalents at beginning of year	97,140	134,061
Cash and cash equivalents at end of year	<b>\$ 165,860</b>	<b>\$ 97,140</b>

SEE ACCOMPANYING NOTES TO THESE FINANCIAL STATEMENTS

**Final Salute Incorporated**  
**Statement of Cash Flows**  
**Year Ended December 31, 2018**  
(with comparative information as of December 31, 2017)

	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 102,724	\$ 22,344
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
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Increase/(decrease) in accounts payable	(20,496)	27,297
Increase/(decrease) in accrued liabilities		(1,549)
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<b>Cash flows from investing activities:</b>		
Purchase of equipment	(16,909)	(91,012)
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Payments on notes payable	\$ (13,109)	\$ (12,360)
<b>Net cash provided by (used in) financing activities</b>	<b>\$ (13,109)</b>	<b>\$ (12,360)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>68,721</b>	<b>(36,922)</b>
Cash and cash equivalents at beginning of year	97,140	134,061
Cash and cash equivalents at end of year	<b>\$ 165,860</b>	<b>\$ 97,140</b>

**FINAL SALUTE INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**(with summarized information 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 2018 year **two female vets** and **five children** were assisted through this program. We also provided **840** days of housing. An extensive construction project has decreased the housing capabilities of the organization during 2018. That construction was completed during the summer of 2018.

The **S.A.F.E. program** provides valuable financial educational 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 2018, The S.A.F.E. Program assisted **97 female vets** and **250 children**; in addition, we provided financial education documents and resources to **475** female vets and **620** 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. **Three Hundred and Fifty Four** women were helped through this program in 2018.

**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**  
**DECEMBER 31, 2018**

**(with summarized information 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 US GAAP (ASU 2016-14), contributions received are recorded as without or with Donor restrictions 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 support is reported as an increase in Donor 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), Donor restricted net assets are reclassified to without Donor restricted 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**  
**DECEMBER 31, 2018**  
(with summarized information for the year ended December 31, 2017)

**2. Depreciation:**

The fixed asset balances less accumulated depreciation at December 31, 2018 and 2017 were:

	2018	2017
Vehicles	\$ 4,100	\$ 4,100
Furniture and Fixtures	7,017	5,108
Transitional Home	568,826	553,826
Less Accumulated Depreciation	(92,056)	(73,818)
<b>Land, buildings, and other Property, Net</b>	<b>\$ 487,887</b>	<b>\$ 489,216</b>

Depreciation expense for the year ended December 31, 2018 was \$ 18,238 and \$ 17,851 for 2017.

The Transitional Home facility was purchased and recorded at cost as stipulated by US GAAP as are all the organization's assets.

**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 with Donor Restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as without Donor Restricted support. During the period ending December 31, 2018 and 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.

The organization has filed its Form 990 Informational tax return on a timely basis with the IRS.

**FINAL SALUTE INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
**(with summarized information for the year ended December 31, 2017)**

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 reported in the financial statements is zero for 2018 and 2017.

There is no known event within the next twelve months that will change this status. Tax years still open to examination are 2017-2019.

**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 years ended December 31, 2018 and 2017 the Organization incurred \$ 20,045 and \$ 11,527 respectively, in advertising costs.

**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:

2019	\$	13,907
2020		14,698
2021		15,645
2022		16,595
2023		17,603
Thereafter		252,313
	<b>\$</b>	<b>330,761</b>

**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.

**9. Concentrations:**

During the year ended December 31, 2018, the Organization did not have any one single donor contributing approximately more than 10% of Final Salutes total support. 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 for 2017

**FINAL SALUTE INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**(with summarized information for the year ended December 31, 2017)**

**10. Availability of Financial Assets**

Financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$	165,860
Current Assets Available	<u>\$</u>	<u>165,860</u>

**11. Subsequent Events and Date of Management's Review**

Management has evaluated subsequent events for disclosure in the financial statements through January 27, 2020, the date the financial statements were available to be issued. There were no other subsequent events for disclosure.