

**FINAL SALUTE INCORPORATED**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2022**

## Independent Auditor's Report

To the Board of Directors  
Final Salute Incorporated  
Haymarket, Virginia 20168

### Opinion

We have audited the accompanying Financial Statements of Final Salute Incorporated (a nonprofit organization) which comprises the statement of financial position as of December 31, 2022, and the related statement of activities, functional expenses; and cash flows for the year then ended and the related notes to the financial statements.

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, 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Final Salute Incorporated, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Final Salute Incorporated's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are

*Sareen & Associates, Inc.*  
Certified Public Accountants

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10702 Vandor Lane, Manassas, Virginia 20109 • Tel. (703) 366-3444 • Fax (703) 366-3417

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Final Salute Incorporated's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Final Salute Incorporated's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Sareen & Associates, Inc**

*Sareen & Associates, Inc.*

Manassas, VA  
September 14, 2023

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**Final Salute Incorporated**  
**Statement of Financial Position**  
**December 31, 2022**

	<b>December 31, 2022</b>
<b>Assets:</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 23,646
Accounts receivable	8,809
Prepaid Expenses	4,678
Other Current Assets	-
<b>Total current assets</b>	<b>\$ 37,133</b>
<b>Noncurrent assets</b>	
Transitional Home	\$ 568,826
Furniture and Fixtures	7,017
Vehicles	14,533
Property	-
Accumulated Depreciation	(169,974)
<b>Total noncurrent assets - Net</b>	<b>\$ 420,402</b>
<b>Total assets</b>	<b>\$ 457,535</b>
<b>Liabilities and net assets:</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$ 14,725
Credit Cards	10,478
Other Current Liabilities	-
Current Portion of Long Term Debt	14,719
<b>Total current liabilities</b>	<b>\$ 39,922</b>
<b>Noncurrent liabilities</b>	
Notes and Mortgage Payable	\$ 109,930
<b>Total noncurrent liabilities</b>	<b>\$ 109,930</b>
<b>Total liabilities</b>	<b>\$ 149,852</b>
<b>Net assets:</b>	
Without donor restrictions	\$ 307,684
With donor restrictions	-
<b>Total net assets</b>	<b>\$ 307,684</b>
<b>Total liabilities and net assets</b>	<b>\$ 457,535</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Final Salute Incorporated**  
**Statement of Activities**  
**December 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, gains, and other support:</b>			
Direct Public Support	\$ 396,855	\$ -	\$ 396,855
Other Income	3	-	3
	<u>\$ 396,858</u>	<u>\$ -</u>	<u>\$ 396,858</u>
<b>Net assets released from restrictions:</b>			
<b>Total net assets released from restrictions</b>	-	-	-
<b>Total revenues, gains, and other support</b>	<u><u>\$ 396,858</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 396,858</u></u>
<b>Expenses and losses:</b>			
Program Expenses			
H.O.M.E./S.A.F.E	\$ 477,213	\$ -	\$ 477,213
MS Vet	1,023	-	1,023
Next Uniform	11,648	-	11,648
Program Services	<u>\$ 489,884</u>	<u>\$ -</u>	<u>\$ 489,884</u>
General and Administrative Expenses	26,723	-	26,723
Fundraising Expenses	-	-	-
<b>Total expenses</b>	<u><u>\$ 516,607</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 516,607</u></u>
<b>Total expenses and losses</b>	<u>\$ 516,607</u>	<u>\$ -</u>	<u>\$ 516,607</u>
<b>Change in net assets</b>	<u>\$ (119,749)</u>	<u>\$ -</u>	<u>\$ (119,749)</u>
Net assets at beginning of year	427,433	-	427,433
<b>Net assets at end of year</b>	<u><u>\$ 307,684</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 307,684</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Final Salute Incorporated**  
**Statement of Functional Expenses**  
**December 31, 2022**

Expense Category	Program Services					Supporting Activities			Total Expenses
	HOME/SAFE	Ms. Vet	Next Uniform	Program Services SubTotal	General and Administrative Expenses	Fundraising Expenses	Supporting Subtotal		
Advertising and Promotional	\$ 2,713	\$ -	\$ -	\$ 2,713	\$ -	\$ -	\$ -	\$ 2,713	
Bank Service Charges	-	-	-	-	2,893	-	2,893	2,893	
Computer, Website & Internet	7,231	-	-	7,231	-	-	-	7,231	
Depreciation	18,718	-	-	18,718	-	-	-	18,718	
Equipment Rental	20,299	-	-	20,299	-	-	-	20,299	
Resident Food & Housing	2,520	-	-	2,520	-	-	-	2,520	
Awards & Gifts	4,955	-	-	4,955	-	-	-	4,955	
Insurance	8,520	63	63	8,646	240	-	240	8,886	
Occupancy	35,484	-	1,520	37,004	-	-	-	37,004	
Miscellaneous Expense	1,170	-	-	1,170	-	-	-	1,170	
Professional Services	-	-	-	-	18,955	-	18,955	18,955	
Supplies	16,238	900	543	17,681	-	-	-	17,681	
Travel	65,036	-	24	65,060	-	-	-	65,060	
Telephone	5,468	-	-	5,468	-	-	-	5,468	
Pay Pal Fees	-	-	-	-	2,128	-	2,128	2,128	
Salary and Payroll Taxes	77,614	60	8,462	86,136	1,878	-	1,878	88,014	
Postage and Mailing	3,586	-	-	3,586	-	-	-	3,586	
Consultants	-	-	-	-	-	-	-	-	
Finance & Other Assistance to Veterans	53,644	-	400	54,044	-	-	-	54,044	
Event Space Rental	60,611	-	-	60,611	-	-	-	60,611	
Materials	26,930	-	636	27,566	-	-	-	27,566	
Dues and Registration	120	-	-	120	629	-	629	749	
Event Marketing, Support & Planning	60,193	-	-	60,193	-	-	-	60,193	
Interest	6,163	-	-	6,163	-	-	-	6,163	

<b>Totals</b>	<b>\$ 477,213</b>	<b>\$ 1,023</b>	<b>\$ 11,648</b>	<b>\$ 489,884</b>	<b>\$ 26,723</b>	<b>\$ -</b>	<b>\$ 26,723</b>	<b>\$ 516,607</b>
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Final Salute Incorporated**  
**Statement of Cash Flows**  
**Year Ended December 31, 2022**

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ (119,749)
Adjustments to reconcile change in net assets to net cash provided/(used) by operations:	
Depreciation	\$ 18,718
(Increase)/decrease in prepaid expenses	(766)
(Increase)/decrease in AR & other Current Assets	(8,809)
Increase/(decrease) in accounts payable & credit cards	16,581
Losses (Gains) on Sales of assets	-
<b>Net cash provided/(used) by operating activities</b>	<b>\$ (94,025)</b>
<b>Cash flows from investing activities:</b>	
Purchase of equipment	\$ -
Proceeds from Sales of Fixed Assets	-
<b>Net cash provided/(used) by investing activities</b>	<b>\$ -</b>
<b>Cash flows from financing activities:</b>	
Other financing activities:	
Payments on notes payable	\$ (63,291)
<b>Net cash used by financing activities</b>	<b>\$ (63,291)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>\$ (157,316)</b>
Cash and cash equivalents at beginning of year	180,962
Cash and cash equivalents at end of year	<b>\$ 23,646</b>
Interest expense	<b>\$ 6,163</b>



**FINAL SALUTE INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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.

**Basis of presentation:** Net assets and revenue, gains and losses are classified based upon the existence or absence of any imposed restrictions from the donor. Accordingly, the net assets of Final Salute Incorporated and changes therein, are classified and reported as follows:

In accordance with US GAAP the FASB issued (ASU 2016-14), in August 2016, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities*. ASU No. 2016-14 reduces the number of net asset classes presented from three to two: net assets without donor restrictions, previously reported as unrestricted net assets, and net assets with donor restrictions, previously reported as temporarily restricted net assets and permanently restricted net assets for prior periods ending before 2018. Additionally, ASU No. 2016-14 requires presentation of expenses by functional and natural classification in one location and increases the quantitative disclosures about liquidity and availability of financial assets. The organization adopted ASU No. 2016-14 for its financial statements for the year ended December 31, 2018, and applied the changes retroactively. In accordance with ASU No. 2016-14, contributions received are recorded as without 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.

**Three Major Programs:**

The **H.O.M.E. Program** provides transitional housing, on-site case management, food, clothing, transportation, childcare subsidy/assistance, employment support, and other essential support services to homeless women Veterans and their children. During 2022, the house has been closed per Federal CDC guidelines.

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related to the COVID-19 Pandemic. The organization supported H.O.M.E. applicants through its S.A.F.E. Program by aiding in prevention of homelessness. Additionally, The CARES Act, was passed by Congress during the home closure which provided certain protections for most tenants in federally subsidized or federally backed housing, including limits on evictions and fees for not being able to make their rent payments.

The **S.A.F.E. Program** provides emergency financial support by assisting with past due rent, security deposits and utility assistance. S.A.F.E. also provides valuable indirect resources on saving, budgeting, and living on a fixed income. Throughout 2022, the S.A.F.E. program assisted 138 female veterans and 315 children with emergency financial assistance. An additional 137 women veterans and 151 children were provided financial education and budgeting resources.

The **H.O.M.E. and S.A.F.E. Programs** have been combined into one **HOME/SAFE Program** category.

The **Next Uniform Program** provides support for women veterans and military women in transition to the civilian workforce. Final Salute Incorporated provides free of charge Professional Business Attire, Dress-Shoes, Accessories, Make-Overs, Image-Consulting, and Professional Headshots. During 2022, the program was paused until 2023 per Federal CDC guidelines related to the COVID-19 Pandemic.

**Ms. Veteran America** is Final Salute Inc.'s largest awareness campaign for its mission, programs, and services. MS Veteran America culminates in the organization's annual flagship event, the Ms. Veteran America competition, where an Ambassador is selected to represent the organization as a community spokesperson and advocate. This event also honors the service and sacrifice of our Nation's women currently in Military Service and Women Veterans.

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.

Non-Current Assets/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.

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Program Services and Support Services:

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

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-imposed restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other support, if any, is reported as an increase in Donor net assets with restrictions, depending on the nature of the restriction.

**2. Depreciation:**

The Non- Current/ fixed asset balances less accumulated depreciation on December 31, 2022, are:

	2022
Vehicles	\$ 14,533
Furniture and Fixtures	7,017
Transitional Home	568,826
Less Accumulated Depreciation	(169,974)
<b>Non-Current Assets – Net</b>	<b>\$ 420,402</b>

Depreciation expense for the year ended December 31, 2021, was \$ 18,718.

The Transitional Home facility was purchased and recorded at cost as stipulated by US GAAP as are all of 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

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and equipment are recorded as Net Assets without Donor Restrictions support. During the period ending December 31, 2022, there was no such property contributed.

**4. Contributed Services, Materials, and Facilities:**

The Organization receives donated services from numerous 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 as it is greatly appreciated but also unmeasurable.

**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.

There is no known event within the next twelve months that will change this status. Tax years still open to examination are 2020-2022.

**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, 2022, the Organization incurred \$ 8,413 in advertising and promotion.

**7. Notes Payable and Mortgages:**

In February of 2014, the Organization entered into a mortgage agreement with Truist Bank. The maturity date for Note is 02/05/2034 with an Interest rate of 3.98%.

The repayment schedule for the next five years is:

Year	Amount
2023	\$ 14,719
2024	15,346
2025	15,968
2026 & after	78,616
	<hr/> <b>\$ 124,649</b> <hr/>

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**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 Mortgages 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, 2022, the Organization did not have any significant purchases concentrated among a few suppliers.

**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	\$	23,646
AR & Prepaid Expenses		13,487
Total Current Assets Available	\$	<u>37,133</u>

**10. Revenue and Revenue Recognition:**

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. The Organization has implemented the standards for Revenue Recognition promulgated by ASC 606, Recognition of Revenue from Contracts with Customers, for which it has identified none.

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

Management has evaluated subsequent events for disclosure in the financial statements through September 14, 2023, the date the financial statements were available to be issued. There were no other subsequent events for disclosure.