

FINAL SALUTE INCORPORATED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2019

FINAL SALUTE INCORPORATED.

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INDEPENDENT AUDITORS' REPORT

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

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, 2019 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.

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, 2019, 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.

Sareen & Associates, Inc.

Sareen & Associates, Inc.
Manassas, VA
November 25, 2020

Final Salute Incorporated
Statement of Financial Position
December 31, 2019

	December 31, 2019
Assets:	
Current assets	
Cash and cash equivalents	\$ 271,820
Accounts receivable	-
Prepaid Expenses	1,566
Other Current Assets	14,397
Total current assets	<u>\$ 287,783</u>
Noncurrent assets	
Transitional Home	\$ 568,826
Furniture and Fixtures	7,017
Vehicles	14,533
Property	-
Accumulated Depreciation	(108,419)
Total noncurrent assets - Net	<u>\$ 481,957</u>
Total assets	<u>\$ 769,740</u>
Liabilities and net assets:	
Current liabilities	
Accounts payable and accrued expenses	\$ 3,697
Credit Cards	1,872
Current Portion of Long Term Debt	14,698
Total current liabilities	<u>\$ 20,267</u>
Noncurrent liabilities	
Notes and Mortgage Payable	\$ 208,480
Total noncurrent liabilities	<u>208,480</u>
Total liabilities	<u>\$ 228,747</u>
Net assets:	
Without donor restrictions	\$ 540,993
With donor restrictions	-
Total net assets	<u>\$ 540,993</u>
Total liabilities and net assets	<u>\$ 769,740</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Final Salute Incorporated
Statement of Activities
December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:			
Direct Public Support	\$ 832,950	\$ -	\$ 832,950
Other Income	500	-	500
	<u>\$ 833,450</u>	<u>\$ -</u>	<u>\$ 833,450</u>
Net assets released from restrictions:			
Total net assets released from restrictions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total revenues, gains, and other support	<u>\$ 833,450</u>	<u>\$ -</u>	<u>\$ 833,450</u>
Expenses and losses:			
Program Services	\$ 529,874	\$ -	\$ 529,874
General and Administrative Expenses	76,569	-	76,569
Fundraising Expenses	2,479	-	2,479
Total expenses	<u>\$ 608,922</u>	<u>\$ -</u>	<u>\$ 608,922</u>
			-
Total expenses and losses	<u>\$ 608,922</u>	<u>\$ -</u>	<u>\$ 608,922</u>
Change in net assets	224,528	-	224,528
Net assets at beginning of year	316,465	-	316,465
Net assets at end of year	<u>\$ 540,993</u>	<u>\$ -</u>	<u>\$ 540,993</u>

Final Salute Incorporated
Statement of Functional Expenses
Year Ended December 31, 2019

Expense Category	Program Services			Supporting Activities			Total Expenses
	HOME/SAFE	Next Uniform	Program Services SubTotal	General and Adminstrative Expenses	Fundraising Expenses	Supporting Subtotal	
Advertising and Promotional	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank Service Charges	944	1,562	2,506	5,558	-	5,558	8,064
Computer & Internet	-	-	-	3,338	-	3,338	3,338
Depreciation	20,463	-	20,463	-	-	-	20,463
Equipment Rental	3,374	199	3,573	-	-	-	3,573
Employee Benefits	6,163	-	6,163	-	-	-	6,163
Food	4,016	-	4,016	-	-	-	4,016
Gifts	1,806	-	1,806	345	-	345	2,151
insurance	-	-	-	4,329	228	4,557	4,557
Interest	17,746	-	17,746	-	-	-	17,746
Postage and Mailing	-	-	-	3,294	-	3,294	3,294
Professional Services	-	-	-	5,290	278	5,568	5,568
Repairs and Maintenance	528	-	528	-	-	-	528
Storage and Moving	9,209	-	9,209	-	-	-	9,209
Supplies	8,631	-	8,631	8,256	435	8,691	17,322
Tax & License	4,866	-	4,866	9,476	499	9,975	14,841
Travel	108,813	-	108,813	36	-	36	108,849
Utilities	5,383	-	5,383	7,235	-	7,235	12,618
Salary and Wage Expenses	85,964	-	85,964	9,551	-	9,551	95,515
Salary Payroll Taxes	8,635	-	8,635	-	-	-	8,635
Consultants	44,025	-	44,025	19,420	1,022	20,442	64,467
Other Assistance to Veterans	58,326	12,657	70,983	-	-	-	70,983
Event Space Rental	2,425	72,840	75,264	-	-	-	75,264
Materials	13,369	1,277	14,646	38	-	38	14,683
Rent/Mortgage	30,657	-	30,657	-	-	-	30,657
Residence Manager	6,000	-	6,000	-	-	-	6,000
Dues and Registration	-	-	-	403	17	420	420
	\$ 441,340	\$ 88,534	\$ 529,874	\$ 76,569	\$ 2,479	\$ 79,048	\$ 608,922

Final Salute Incorporated
Statement of Cash Flows
December 31, 2019

Cash flows from operating activities:

Change in net assets	\$	224,528
Adjustments to reconcile change in net assets to net cash provided/(used) by operations		
Depreciation	\$	20,463
(Increase)/decrease in inventories and prepaid expenses		162
(Increase)/decrease in other Current Assets		(14,397)
Increase/(decrease) in accounts payable		(2,680)
Losses (Gains) on Sales of Vehicle		(500)
Net cash provided/(used) by operating activities	\$	227,576

Cash flows from investing activities:

Purchase of equipment	\$	(14,533)
Proceeds from Sales of Fixed Assets		500
Net cash provided/(used) by investing activities	\$	(14,033)

Cash flows from financing activities:

Other financing activities:		
Payments on notes payable	\$	(107,582)
Net cash provided/(used) by financing activities	\$	(107,582)

Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of year		165,860
Cash and cash equivalents at end of year	\$	271,820

Interest expense	\$	17,746
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FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. Organization and Summary of Significant Accounting Policies:

Final Salute Incorporated is a 501 (c) (3) US-based non-profit organization that was incorporated in the Commonwealth of Virginia in 2010. The Organization was established to receive public contributions from donors which are to be used to provide transitional housing and support 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, childcare subsidy/assistance, employment support and other essential supportive services to homeless women Veterans and their children. During 2019 **two female veterans** and their **five children** were assisted through this program. A total of **840** days of housing were also provided. An extensive construction project decreased the housing capabilities of the organization during 2019; and, that construction was completed during the summer of 2019.

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 participate in the financial education components of our S.A.F.E. program. Throughout 2019, The S.A.F.E. Program assisted **97 female veterans** and **250 children**. In addition, the program provided financial education documents and resources to **475** female veterans and **620** children.

The **Next Uniform program**, formerly known as 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 Headshots. **Three Hundred and Fifty-Four** women veterans were helped through this program in 2019. During 2019, the H.O.M.E and S.A.F.E programs were combined into one, HOME/SAFE Program Category.

Basis of presentation: Net assets and revenue, gains and losses are classified based upon the existence or absence of any donor-imposed restrictions. 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 an update to *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements for Not-for-Profit Entities*, in August 2016. ASU No. 2016-14 reduced 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.

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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 upon 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 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 recorded as unrestricted contributions.

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.

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 and 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 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.

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Contributions:

In accordance with US GAAP (ASU 2016-14), contributions received are recorded as With or Without 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 Net assets Without restrictions. All other support, if any, is reported as an increase in Net assets with restrictions, 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 Net assets With restrictions are reclassified to Donor Net assets Without restriction and reported in the Statement of Activities as net assets released from restrictions. No net assets were released from restrictions in 2019. Restricted contributions whose restrictions are met in the same reporting period are recorded as Unrestricted contributions.

2. Depreciation:

The Non-Current/Fixed asset balances less accumulated depreciation on December 31, 2019 are:

		2019
Vehicles	\$	14,533
Furniture and Fixtures		7,017
Transitional Home		568,826
Less Accumulated Depreciation		(108,419)
Non-Current Assets – Net	\$	481,958

Depreciation expense for the year ended December 31, 2019 was \$ 20,463

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 asset 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 Net Assets Without Donor Restrictions. During the period ending December 31, 2019 there was no such property contributed.

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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 as it is 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.

Interest and penalties would be deductible for GAAP purposes, but not for tax purposes and the amounts, if any, would be removed. The total amount of interest and penalties recognized on the balance sheet is zero for 2019.

There are no known events within the next twelve months that would 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 year ended December 31, 2019, the Organization incurred \$ 0 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:

Year	Amount
2021	\$ 15,645
2022	16,595
2023	17,603
2024	158,638
	<hr/>
	\$ 208,480
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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, 2019, the Organization had two single donors contributing more than 10% of Final Salutes total support. These donors and the amounts contributed have been properly reported to the IRS in the 2019 Form 990 tax return filing.

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	\$	271,820
Cash and cash equivalents available	\$	<u><u>271,820</u></u>

11. Related Party Transactions:

On December 31, 2019, Final Salute, Incorporated had not identified any related party transactions.

12. Subsequent Events and Date of Management's Review:

Management has evaluated subsequent events for disclosure in the financial statements through November 25, 2020, the date the financial statements were available to be issued. There were no other subsequent events for disclosure.