

**FINAL SALUTE INCORPORATED
FOR THE YEAR ENDED DECEMBER 31, 2014**

FINAL SALUTE INCORPORATED FOR THE YEAR ENDED DECEMBER 31, 2014

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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 (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014 and the related statements of activities, functional expenses, and cash flows for the year ended and the related notes.

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, 2014, 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.

Moran & Company, P.C.

June 2, 2015

**FINAL SALUTE INCORPORATED
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2014**

ASSETS

	2014
Current Assets:	
Cash	
Unrestricted	\$ 205,868
Total Current Assets	205,868
 Equipment:	
Transitional Home	467,643
Donated Facilities	55,000
Vehicles	4,100
Furniture and Fixtures	3,039
Less Accumulated Depreciation	(24,471)
Total Equipment	505,311
Total Assets	\$ 711,180

LIABILITIES AND NET ASSETS

	2014
Current Liabilities:	
Credit Cards	\$ 28
Current Portion of Notes Payable	10,988
Total Current Liabilities	11,016
 Long Term Liabilities:	
Notes Payable	\$ 367,824
Total Long Term Liabilities	367,824
Total Liabilities	378,841
 Net Assets:	
Unrestricted	332,339
Total Net Assets	332,339
Total Liabilities and Net Assets	\$ 711,180

SEE NOTES ACCOMPANYING AUDITOR'S REPORT AND NOTES

FINAL SALUTE INCORPORATED
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014		
	Unrestricted	Temporarily Restricted	Total
Revenue:			
Direct Public Support	\$ 780,749	\$ -	\$ 780,749
Grants	-	-	-
Program Service Income	-	-	-
Total Revenue	<u>780,749</u>	<u>-</u>	<u>780,749</u>
Expenses:			
Program Services Expenses	539,222	-	539,222
Program Expenses	69,103	-	69,103
Fundraising Expenses	16,234	-	16,234
Total Expenses	<u>624,559</u>	<u>-</u>	<u>624,559</u>
Change in Net Assets from Operations	156,190	-	156,190
Net Assets (Deficit), Beginning of Year	<u>176,149</u>	<u>-</u>	<u>176,149</u>
Net Assets (Deficit), End of Year	<u>\$ 332,339</u>	<u>\$ -</u>	<u>\$ 332,339</u>

SEE NOTES ACCOMPANYING AUDITOR'S REPORT AND NOTES

FINAL SALUTE INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Services	Supporting Services	Fundraising	Total
Advertising and Promotional	\$ 27,005	\$ 1,500	\$ 1,500	\$ 30,005
Appliance	2,367	-	-	2,367
Auto	19,505	-	-	19,505
Bank Service Charges	-	1,738	-	1,738
Computer & Internet	140	5,781	9,479	15,400
Conferences, Conventions and Events	152,111	-	-	152,111
Contractual Services	-	25,875	-	25,875
Decorations	3,162	-	-	3,162
Food	2,084	-	-	2,084
Gifts	596	-	-	596
Clothing	3,850	-	-	3,850
Interest	19,393	-	-	19,393
Insurance	4,423	-	-	4,423
Tax & License	1,414	-	-	1,414
Logo Design	244	-	-	244
Meals and Entertainment	-	8,552	-	8,552
Membership Dues	8	-	-	8
Moving	223	-	-	223
Office and Miscellaneous Expense	10,732	1,192	-	11,924
Occupancy	89,522	-	-	89,522
Miscellaneous Program Expenses	1,985	-	-	1,985
Professional Services	4,237	8,563	1,360	14,160
Repairs and Maintenance	16,679	-	-	16,679
Resident Assistant Stipend	10,053	-	-	10,053
Salary and Wage Expenses	62,311	11,683	3,894	77,889
Payroll Tax & Expense	9,694	2,968	-	12,662
Supplies	2,403	-	-	2,403
Security	3,901	-	-	3,901
Storage	5,845	-	-	5,845
Training	300	-	-	300
Charitable Contributions	-	1,250	-	1,250
Travel	52,944	-	-	52,944
Utilities	12,273	-	-	12,273
Total Expense Before Depreciation	519,403	69,103	16,234	604,740
Depreciation	19,819	-	-	19,819
Total Expenses	\$ 539,222	\$ 69,103	\$ 16,234	\$ 624,559

SEE NOTES ACCOMPANYING AUDITOR'S REPORT AND NOTES

FINAL SALUTE INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Net income (loss)		156,190
Adjustments to reconcile net income (loss) to net cash provided by operating activities :		
Depreciation	\$ 19,819	
(Increase) decrease in Accounts Receivable	\$ -	
(Increase) decrease in Prepaid Expenses	\$ -	
Increase (decrease) in Accounts Payable	(619)	
Increase (decrease) in Interest Payable	-	
Total Adjustments	\$ 19,200	
Net Cash Provided (Used) By Operating Activities		\$ 175,390

CASH FLOWS FROM INVESTING ACTIVITIES

(Increase) decrease in Fixed Assets	\$ (15,093)	
(Increase) decrease in Other Current Assets	-	
Net Cash Provided (Used) by Investing Activities		\$ (15,093)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from the issuance of long-term debt	\$ -	
Principle payments on long-term debt	\$ (51,188)	
Net Cash Provided (Used) by Financing Activities		\$ (51,188)

NET INCREASE (DECREASE) IN CASH **109,109**

CASH AT BEGINNING OF PERIOD **96,759**

CASH AT END OF PERIOD **\$ 205,868**

Interest Paid: \$19,393
Income Taxes Paid: \$0

FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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.

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 2014 year six women vets and 7 children were assisted through this program.

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 2014 The S.A.F.E. Program assisted 41 women vets and 62 children, in addition to the 288 women we provided financial materials to.

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. One hundred women were helped through this program in 2014.

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, 2014, the Organization had no receivables.

**FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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 June 2, 2015, 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 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.

**FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

2. Depreciation:

The fixed asset balances less accumulated depreciation at December 31, 2014 were:

	2014
Vehicles	\$ 4,100
Furniture and Fixtures	3,039
Donated Facilities	55,000
Transitional Facility	467,643
Less: Accumulated Depreciation	<u>(24,471)</u>
Total	<u>\$ 505,311</u>

Depreciation expense for the year ended December 31, 2014 was \$ 19,819.

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, 2014 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.

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 2011-2013.

**FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

6. Advertising Costs

The Organization records its advertising costs as they are incurred. During the year ended December 31, 2014, the Organization incurred \$30,005 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:

	Principal Payments				
2015	\$ 10,988				
2016	11,594				
2017	12,360				
2018	13,111				
2019	13,907				
Total Payments	\$ 61,960				

8. Fair Value Measurements:

All of the assets and liabilities on the statement of financial position, with exception of the notes payable and transitional home are valued at Level One fair value measurements. The notes payable and transitional home is valued as at historical cost.

8. Concentrations:

During the year ended December 31, 2014, the Organization had one donor, Karen Keesling Trust that donated 30% and two donors, Wounded Warrior Project and the Flatley Foundation that contributed 14.5% each.

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 2, 2015 which is the date the financial statements were available to be issued.