

FINAL SALUTE INCORPORATED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2020

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, 2020 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.

Sareen & Associates, Inc.

Certified Public Accountants

Opinion

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

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, 2020, 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

July 27, 2021

Final Salute Incorporated
Statement of Financial Position
December 31, 2020

	December 31, 2020
Assets:	
Current assets	
Cash and cash equivalents	\$ 313,741
Accounts receivable	-
Prepaid Expenses	3,374
Other Current Assets	-
Total current assets	\$ 317,115
Noncurrent assets	
Transitional Home	\$ 568,826
Furniture and Fixtures	7,017
Vehicles	14,533
Property	-
Accumulated Depreciation	(129,851)
Total noncurrent assets - Net	460,525
Total assets	\$ 777,641
Liabilities and net assets:	
Current liabilities	
Accounts payable and accrued expenses	\$ -
Credit Cards	1,339
Other Current Liabilities	16,700
Current Portion of Long Term Debt	-
Total current liabilities	18,038
Noncurrent liabilities	
Notes and Mortgage Payable	\$ 202,809
Total noncurrent liabilities	202,809
Total liabilities	\$ 220,847
Net assets:	
Without donor restrictions	556,793
With donor restrictions	-
Total net assets	556,793
Total liabilities and net assets	\$ 777,641

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Final Salute Incorporated
Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:			
Direct Public Support	\$ 491,136	-	\$ 491,136
Other Income	-	-	-
	<u>491,136</u>	<u>-</u>	<u>491,136</u>
Net assets released from restrictions:			
Total net assets released from restrictions	-	-	-
Total revenues, gains, and other support	<u>\$ 491,136</u>	<u>\$ -</u>	<u>\$ 491,136</u>
Expenses and losses:			
Program Services	412,653	-	412,653
General and Administrative Expenses	62,682	-	62,682
Fundraising Expenses	-	-	-
Total expenses	<u>475,336</u>	<u>-</u>	<u>475,336</u>
	-	-	-
Total expenses and losses	<u>475,336</u>	<u>-</u>	<u>475,336</u>
Change in net assets	15,800	-	15,800
Net assets at beginning of year	540,993	-	540,993
Net assets at end of year	<u>\$ 556,793</u>	<u>\$ -</u>	<u>\$ 556,793</u>

Final Salute Incorporated
Statement of Functional Expenses
Year Ended December 31, 2020

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	\$ 7,890	\$ -	\$ -	\$ 7,890	\$ -	\$ -	\$ -	\$ 7,890	
Bank Service Charges	-	-	-	-	3,662	-	3,662	3,662	
Computer & Internet	2,497	-	-	2,497	-	-	-	2,497	
Depreciation	21,432	-	-	21,432	-	-	-	21,432	
Equipment Rental	55	1,237	-	1,292	-	-	-	1,292	
Food	4,772	-	-	4,772	-	-	-	4,772	
Gifts	6,893	-	-	6,893	534	-	534	7,428	
Insurance	8,988	964	-	9,952	1,446	-	1,446	11,398	
Interest	12,714	-	-	12,714	-	-	-	12,714	
Occupancy	1,813	-	-	1,813	-	-	-	1,813	
Office and Miscellaneous Expense	1,299	-	-	1,299	5,549	-	5,549	6,848	
Professional Services	834	-	-	834	9,748	-	9,748	10,582	
Repairs and Maintenance	9,873	-	-	9,873	-	-	-	9,873	
Storage and Moving	3,879	-	-	3,879	-	-	-	3,879	
Supplies	6,849	123	-	6,971	19,914	-	19,914	26,885	
Tax & License	6,440	-	-	6,440	5,155	-	5,155	11,595	
Travel	28,169	1,428	-	29,597	-	-	-	29,597	
Utilities	12,029	-	-	12,029	-	-	-	12,029	
Pay Pal Fees	2,529	-	-	2,529	-	-	-	2,529	
Salary and Wage Expenses	82,858	24,215	-	107,072	14,645	-	14,645	121,717	
Consultants	24,677	15,163	-	39,840	-	-	-	39,840	
Other Assistance to Veterans	84,762	8,337	1,756	94,855	-	-	-	94,855	
Materials	3,941	175	-	4,116	-	-	-	4,116	
Rent/Mortgage	10,732	-	-	10,732	-	-	-	10,732	
Residence Manager	4,275	-	-	4,275	-	-	-	4,275	
Dues and Registration	-	-	-	-	2,029	-	2,029	2,029	
Content Production	1,023	-	-	1,023	-	-	-	1,023	
Storage	4,703	-	3,331	8,034	-	-	-	8,034	
Totals	\$ 355,924	\$ 51,642	\$ 5,087	\$ 412,653	\$ 62,682	\$ -	\$ 62,682	\$ 475,336	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Final Salute Incorporated
Statement of Cash Flows
Year Ended December 31, 2020

Cash flows from operating activities:

Change in net assets	\$	15,800
Adjustments to reconcile change in net assets to net cash provided/(used) by operating		
Depreciation	\$	21,432
(Increase)/decrease in inventories and prepaid expenses		(1,808)
(Increase)/decrease in other Current Assets		14,397
Increase/(decrease) in accounts payable		(4,230)
Losses (Gains) on Sales of Vehicle		
Net cash provided/(used) by operating activities	\$	45,590

Cash flows from investing activities:

Purchase of equipment		0
Proceeds from Sales of Fixed Assets		0
Net cash provided/(used) by investing activities	\$	-

Cash flows from financing activities:

Other financing activities:		
Payments on notes payable	\$	(3,670)
Net cash used by financing activities	\$	(3,670)

Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of year		271,820
Cash and cash equivalents at end of year	\$	313,741

FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Organization and 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.

FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 the 2020 year, **three female Vets** and **five children** were housed in the transitional home until September 30, 2020, through this program for a total of 2,176 days of housing. At that time, the house was closed per Federal CDC guidelines due to the COVID-19 Pandemic. Final Salute Incorporated also provided **340** days of certain other Veterans throughout the Nation during 2020.

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 the H.O.M.E. program are also required to participate in the financial education components of the S.A.F.E. program. Throughout 2020, The S.A.F.E. Program assisted **230 female Vets** and **215 children**; in addition, the program provided financial education documents and resources to **251** female Vets and **234** children.

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 2020, this program was paused until 2021 per Federal CDC guidelines related to the COVID-19 Pandemic.

The H.O.M.E and S.A.F.E programs have been combined into one, HOME/SAFE Category.

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. During 2020, the Organization adopted a new capitalization policy for both book & tax purposes and depreciates assets over \$5,000, previously it was 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, general expenses, and promotional costs.

FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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-imposed restrictions. Support that is not restricted by the donor is reported as an increase in net assets without restrictions. Depending on the nature of the restriction. If any, when a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), Donor net assets with restriction 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 2020. Restricted contributions whose restrictions are met in the same reporting period are recorded as contributions without restrictions.

2. Depreciation:

The Non-Current/ fixed asset balances less accumulated depreciation on December 31, 2020 are:

	2020
Vehicles	\$ 14,533
Furniture and Fixtures	7,017
Transitional Home	568,826
Less Accumulated Depreciation	(129,851)
Non-Current Assets - Net	\$ 460,526

Depreciation expense for the year ended December 31, 2020 was \$ 21,432.

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

FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
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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 Restrictions. 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, 2020 there was no such property contributed.

4. Contributed Services, Materials, and Facilities:

The Organization receives donated services from one hundred and thirty-five 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 for tax purposes the amounts would be removed. The total amount of interest and penalties recognized on the balance sheet is zero for 2020.

There is no known event within the next twelve months that will change this status. Tax years still open to IRS examination are 2018-2020.

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, 2020 the Organization incurred \$ 7,890 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, as follows:

FINAL SALUTE INCORPORATED
NOTES TO FINANCIAL STATEMENTS
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Year	Amount
2021	\$ 15,645
2022	16,595
2023	17,603
2024	152,966
	\$ 202,809

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, 2020, the Organization did not have any one single donor contributing approximately more than 10% of Final Salutes total support.

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	\$	313,741
Prepaid expenses	\$	3,373
Cash and cash equivalents available	\$	317,114

11. Subsequent Events and Date of Management's Review

Management has evaluated subsequent events for disclosure in the financial statements through July 27, 2021, the date the financial statements were available to be issued. There were no other subsequent events for disclosure.