

OPERATION WARRIOR RESOLUTION, INC.

Independent Auditor's Report
and Financial Statements

For the year ended December 31, 2022

DRAFT

TABLE OF CONTENTS

Independent Auditor's Report.....	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-9

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Operation Warrior Resolution, Inc.
Sarasota, FL

Opinion

We have audited the accompanying financial statements of Operation Warrior Resolution, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements 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 Operation Warrior Resolution, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year 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 the Financial Statements section of our report. We are required to be independent of Operation Warrior Resolution, Inc. 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 these 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 Operation Warrior Resolution, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility 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 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 Operation Warrior Resolution, Inc.'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 Operation Warrior Resolution, Inc.'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.

Peacock, Ellison & French, CPAs, P.A.
Venice, Florida
December 27, 2023

OPERATION WARRIOR RESOLUTION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	ASSETS		
	Without Restriction	With Donor Restriction	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 102,237	\$ 19,603	\$ 121,840
Prepaid expenses	15,323	-	15,323
Total Current Assets	117,560	19,603	137,163
NON-CURRENT ASSETS			
Furniture and equipment	4,897	-	4,897
Accumulated Depreciation	(489)	-	(489)
Total Non-current Assets	4,408	-	4,408
TOTAL ASSETS	\$ 121,968	\$ 19,603	\$ 141,571
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 100	\$ -	\$ 100
Accrued expenses	20,059	-	20,059
Total Current Liabilities	20,159	-	20,159
TOTAL LIABILITIES	20,159	-	20,159
NET ASSETS			
Without Restrictions	101,809	-	101,809
With Donor Restrictions (Note D)	-	19,603	19,603
TOTAL NET ASSETS	101,809	19,603	121,412
TOTAL LIABILITIES AND NET ASSETS	\$ 121,968	\$ 19,603	\$ 141,571

The accompanying notes are an integral part of this financial statement.

OPERATION WARRIOR RESOLUTION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Restriction	With Donor Restriction	Total
Revenues and Support:			
Donations & grants	\$ 243,886	\$ 225,000	\$ 468,886
Net assets released from restrictions	295,052	(295,052)	-
Total Revenues and Support	538,938	(70,052)	468,886
Expenses:			
Program expenses	447,963	-	447,963
Supporting services	48,274	-	48,274
Fundraising expenses	22,363	-	22,363
Total Expenses	518,600	-	518,600
TOTAL INCREASE IN NET ASSETS	20,338	(70,052)	(49,714)
NET ASSETS AT BEGINNING OF YEAR	81,471	89,655	171,126
NET ASSETS AT END OF YEAR	\$ 101,809	\$ 19,603	\$ 121,412

The accompanying notes are an integral part of this financial statement.

OPERATION WARRIOR RESOLUTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Totals</u>
Advertising	\$ -	\$ -	\$ 6,552	\$ 6,552
Contract services:				
Administrative/professional	-	11,560	-	11,560
Clinical Officer contract	75,025	-	-	75,025
Therapies	80,531	-	-	80,531
Training	93,094	-	-	93,094
Supplies & other program expenses	11,101	-	-	11,101
Office expenses	-	13,474	-	13,474
Office supplies	-	3,113	-	3,113
Payroll taxes	867	867	867	2,601
Salary - officer	14,944	14,944	14,944	44,832
Program expenses	27,348	4,316	-	31,664
Retreat expenses:				
Therapy & program services	81,279	-	-	81,279
Lodging, Travel, Food	63,774	-	-	63,774
	<u>\$ 447,963</u>	<u>\$ 48,274</u>	<u>\$ 22,363</u>	<u>\$ 518,600</u>

The accompanying notes are an integral part of this financial statement.

OPERATION WARRIOR RESOLUTION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ (49,714)
Adjustments to reconcile decrease in net assets to cash provided by operating activities	
Depreciation	489
(Increase) decrease in prepaid expenses	(5,174)
(Decrease) increase in accounts payable	(918)
(Decrease) increase in accrued expenses	12,201
Total Adjustments	6,598
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 (43,116)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(4,897)
 NET CASH USED BY INVESTING ACTIVITIES	 (4,897)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (48,013)
 BEGINNING CASH	 169,853
 ENDING CASH	 \$ 121,840

The accompanying notes are an integral part of this financial statement.

OPERATION WARRIOR RESOLUTION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(See Independent Auditor's Report)

NOTE A – NATURE OF ACTIVITIES

Operation Warrior Resolution, Inc. (the Organization) is a not-for-profit corporation formed under Internal Revenue Code Section 501(c)(3), located in Sarasota, Florida. Our mission is to transform veterans to health and wellness. To provide innovative, holistic treatments for mental health to veterans and their family members; alleviating PTSD, anxiety, and other mental health related issues.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

ASU 2016-14 requires significant changes to the financial reporting model of organizations that follow the not-for-profit reporting model. Under ASU 2016-14, classes of net assets are reduced from three (unrestricted, temporarily restricted and permanently restricted) to two. In accordance with U.S. generally accepted accounting principles ("US GAAP") the Organization now reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

OPERATION WARRIOR RESOLUTION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(See Independent Auditor's Report)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Property and Equipment

The Organization capitalizes all property and equipment with a purchase cost or fair value at date of donation of \$1,000 and a useful life of more than one year. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulation regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

Income Taxes

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Income, if any, from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the year ended December 31, 2022, the Organization did not have any unrelated business income.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its program and support services. Expenses that can be specifically identified with a program or support services are coded directly according to their natural classifications. Other expenses that are common to several functions are allocated based upon estimates made by management.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to credit risk include cash, accounts receivable and investments. The Organization's management attempts to prudently manage cash and cash equivalents. Deposit accounts at each commercial banking institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At December 31, 2022, no amounts were uninsured.

OPERATION WARRIOR RESOLUTION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(See Independent Auditor's Report)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences:

Compensated absences for vacation, sick pay and personal time have not been accrued since they cannot be reasonably estimated. The association's policy is to recognize these costs in the period that they are paid. Management believes that this policy does not materially affect the accompanying financial statements.

NOTE C – PROPERTY & EQUIPMENT

On December 31, 2022, the property and equipment consisted of:

Vehicle and Equipment	\$ 4,897
Less accumulated depreciation	<u>(489)</u>
Total Net Property and Equipment	<u>\$ 4,408</u>

NOTE D – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$102,237 of financial assets (cash) available within one year of the balance sheet date to meet cash needs for general expenditures. The listed financial assets are not subject to donor or other contractual restrictions that make them unavailable within one year of the balance sheet date.

NOTE E – NET ASSETS WITH DONOR RESTRICTIONS

The Organization has received the following funds which comprise the balance of net assets with donor restrictions for the year ended December 31, 2022:

Contributions with Donor restrictions for veteran's services	\$ 314,655
Less net assets released from restrictions	<u>(295,052)</u>
Donor restricted for veteran's services	<u>19,603</u>

NOTE F – RELATED PARTY TRANSACTIONS

The Organization transacts business with a Board member for therapy and counseling services. During the year ended December 31, 2022, total payments to the Board member were \$37,174.

The Organization also transacts business with its Clinical Officer for additional services. During the year ended December 31, 2022, total payments to the Clinical Officer were \$169,290, consisting of \$75,025 Clinical Officer services and \$94,265 additional training & programs.

NOTE G – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events after December 31, 2022, through December 27, 2023 (the date the financial statements were available for issuance) for potential recognition and disclosure.