

OPERATION WARRIOR RESOLUTION, INC.

Independent Auditor's Report
and Financial Statements

For the year ended December 31, 2021

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Peacock, Ellison & French, CPAs, P.A.

Certified Public Accountants

Frank Ray Peacock, CPA
Kristin S. Ellison, CPA
Jeff R. French, CPA

Members
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

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, 2021, 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, 2021, 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.

Peacock, Ellison & French, CPAs, P.A.
Venice, Florida
January 10, 2023

OPERATION WARRIOR RESOLUTION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	ASSETS		
	Without Restriction	With Donor Restriction	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 80,198	\$ 89,655	\$ 169,853
Prepaid expenses	10,149	-	10,149
Total Current Assets	90,347	89,655	180,002
TOTAL ASSETS	\$ 90,347	\$ 89,655	\$ 180,002
	LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES			
Accounts payable	\$ 1,018	\$ -	\$ 1,018
Accrued expenses	7,858	-	7,858
Total Current Liabilities	8,876	-	8,876
TOTAL LIABILITIES	8,876	-	8,876
NET ASSETS			
Without Restrictions	81,471	-	81,471
With Donor Restrictions (Note D)	-	89,655	89,655
TOTAL NET ASSETS	81,471	89,655	171,126
TOTAL LIABILITIES AND NET ASSETS	\$ 90,347	\$ 89,655	\$ 180,002

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

OPERATION WARRIOR RESOLUTION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Restriction	With Donor Restriction	Total
Revenues and Support:			
Donations & grants	\$ 102,761	\$ 265,000	\$ 367,761
Net assets released from restrictions	175,345	(175,345)	-
Total Revenues and Support	278,106	89,655	367,761
Expenses:			
Program expenses	192,280	-	192,280
Supporting services	39,442	-	39,442
Fundraising expenses	23,931	-	23,931
Total Expenses	255,653	-	255,653
TOTAL INCREASE IN NET ASSETS	22,453	89,655	112,108
NET ASSETS AT BEGINNING OF YEAR	59,018	-	59,018
NET ASSETS AT END OF YEAR	\$ 81,471	\$ 89,655	\$ 171,126

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, 2021

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Totals</u>
Advertising	\$ -	\$ -	\$ 9,718	\$ 9,718
Contract services	-	19,445	-	19,445
Donations	-	-	700	700
Office expenses	-	3,141	445	3,586
Office supplies	-	3,788	-	3,788
Payroll taxes	909	909	909	2,727
Salary - officer	12,158	12,159	12,159	36,476
Program expenses	3,868	-	-	3,868
Retreat & therapy expenses	175,345	-	-	175,345
	<u>\$ 192,280</u>	<u>\$ 39,442</u>	<u>\$ 23,931</u>	<u>\$ 255,653</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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 112,108
Adjustments to reconcile decrease in net assets to cash provided by operating activities	
(Increase) decrease in prepaid expenses	(10,149)
(Decrease) increase in accounts payable	1,018
(Decrease) increase in accrued expenses	<u>(419)</u>
Total Adjustments	(9,550)
NET CASH PROVIDED BY OPERATING ACTIVITIES	102,558
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>102,558</u>
BEGINNING CASH	<u>67,295</u>
ENDING CASH	<u><u>\$ 169,853</u></u>

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

OPERATION WARRIOR RESOLUTION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(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.

OPERATION WARRIOR RESOLUTION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(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.

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.

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. At December 31, 2021, the Organization does not have any recorded property or equipment.

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, 2021, 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.

OPERATION WARRIOR RESOLUTION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(See Independent Auditor's Report)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021, no amounts were uninsured.

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 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$80,198 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 D – 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, 2021:

Contributions with Donor restrictions for veteran's services	\$ 265,000
Less net assets released from restrictions	<u>(175,345)</u>
Donor restricted for veteran's services	<u>89,655</u>

NOTE E – RELATED PARTY TRANSACTION

The Organization transacts business with a Board member for therapy and counseling services. During the year ended December 31, 2021, total payments to the Board member were \$15,052.

NOTE F – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events after December 31, 2021, through January 10, 2023 (the date the financial statements were available for issuance) for potential recognition and disclosure.