

**SALUTE, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED MARCH 31, 2020 AND 2019**



**Contents**

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INDEPENDENT AUDITOR’S REPORT..... 1

FINANCIAL STATEMENTS

    Statements of Assets, Liabilities, and Net Assets – Cash Basis..... 3

    Statements of Support, Revenues, and Expenses – Cash Basis..... 4

    Statements Functional Expenses – Cash Basis..... 5

    Statements of Cash Flows – Cash Basis..... 7

    Notes to Financial Statements..... 8



## **Independent Auditor's Report**

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Board of Directors of  
SALUTE, INC.  
Palatine, Illinois

We have audited the accompanying financial statements of SALUTE, INC. (a nonprofit organization) which comprise the statements of assets, liabilities, and net assets – cash basis as of March 31, 2020 and 2019, and the related statements of support, revenue, and expenses – cash basis, functional expense – cash basis, and cash flows – cash basis for the years 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 the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

## **Independent Auditor's Report**

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### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of SALUTE, INC. as of March 31, 2020 and 2019, and its support, revenue, and expenses, and cash flows, for the years then ended in accordance with the cash basis of accounting as described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*M. Clove, Inserra & Co., P.C.*

August 6, 2020

## Financial Statements

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### SALUTE, INC.

#### STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS

MARCH 31

#### ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,346,025	\$ 1,191,182
PROPERTY AND EQUIPMENT, NET	24,025	8,377
INTANGIBLES, NET	<u>10,791</u>	<u>10,917</u>
Total Assets	<u>\$ 1,380,841</u>	<u>\$ 1,210,476</u>

#### LIABILITIES AND NET ASSETS

LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS		
Without Donor Restrictions	1,258,093	1,163,208
With Donor Restrictions	<u>122,748</u>	<u>47,268</u>
Total Net Assets	<u>1,380,841</u>	<u>1,210,476</u>
Total Liabilities and Net Assets	<u>\$ 1,380,841</u>	<u>\$ 1,210,476</u>

The accompanying notes are an integral part of these financial statements.

## Financial Statements

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### SALUTE, INC.

#### STATEMENTS OF SUPPORT, REVENUE, AND EXPENSES - CASH BASIS

#### YEARS ENDED MARCH 31

UNRESTRICTED NET ASSETS	2020	2019
Support and Revenues		
Grants and Contributions	\$ 611,387	\$ 611,117
Special Events Revenue	569,157	501,190
Contributed Goods and Services	78,233	44,804
Interest and Dividend Income	14,684	5,752
Total Unrestricted Support and Revenues	1,273,461	1,162,863
Net Assets Released from Restrictions		
Restrictions Satisfied by Payment	239,520	152,897
Total Unrestricted Support and Revenues and Restricted Monies Released	1,512,981	1,315,760
EXPENSES		
Program Activities	1,037,974	923,555
Management and General	39,776	39,126
Fund Raising	340,346	285,950
Total Expenses	1,418,096	1,248,631
Increase (Decrease) in Unrestricted Net Assets	94,885	67,129
DONOR RESTRICTED NET ASSETS		
Temporarily Restricted Grants and Contributions	315,000	200,000
Net Assets Released from Restrictions	(239,520)	(152,897)
Increase (Decrease) in Donor Restricted Net Assets	75,480	47,103
Change in Net Assets	170,365	114,232
NET ASSETS, BEGINNING OF YEAR	1,210,476	1,096,244
NET ASSETS, END OF YEAR	\$ 1,380,841	\$ 1,210,476

The accompanying notes are an integral part of these financial statements.

## Financial Statements

SALUTE, INC.

### STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS

YEAR ENDED MARCH 31, 2020

	SUPPORTING SERVICES			
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL EXPENSES
Veteran Assistance	\$ 816,264	\$ -	\$ -	\$ 816,264
Salaries	132,430	12,390	84,341	229,161
Food and Supplies	804	1,648	88,005	90,457
Professional Fees	29,197	8,851	17,752	55,800
Facilities and Equipment Rental	1,154	192	39,603	40,949
Events Registrations and Fees	-	-	35,001	35,001
Occupancy	25,785	4,298	4,297	34,380
Contract Services	-	-	21,663	21,663
Payroll Taxes	10,427	976	6,642	18,045
Apparel and Awards	140	-	11,336	11,476
Printing	37	397	8,754	9,188
Other	490	2,540	5,944	8,974
Telephone	7,655	366	366	8,387
Technology	3,531	1,982	2,645	8,158
Amortization	4,280	347	1,080	5,707
Insurance	-	4,924	658	5,582
Bank Charges and Business Fees	586	72	4,673	5,331
Depreciation	3,508	584	585	4,677
Postage	1,653	186	2,431	4,270
Conferences, Conventions and Meetings	-	-	1,547	1,547
Advertising	-	-	1,350	1,350
Travel	-	-	946	946
Employee and Volunteer Expenses	33	23	727	783
Total Expenses	<u>\$ 1,037,974</u>	<u>\$ 39,776</u>	<u>\$ 340,346</u>	<u>\$ 1,418,096</u>

Some of the above expenses result from contributed goods and services. See Note 4.

The accompanying notes are an integral part of these financial statements.

## Financial Statements

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### SALUTE, INC.

#### STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS

YEAR ENDED MARCH 31, 2019

	<u>SUPPORTING SERVICES</u>			
	<u>PROGRAM</u>	<u>MANAGEMENT</u>	<u>FUND</u>	<u>TOTAL</u>
	<u>SERVICES</u>	<u>AND</u>	<u>RAISING</u>	<u>EXPENSES</u>
		<u>GENERAL</u>		
Veteran Assistance	\$710,911	\$ -	\$ -	\$ 710,911
Salaries	127,511	11,535	79,463	218,509
Food and Supplies	879	1,728	82,851	85,458
Professional Fees	23,411	9,940	13,027	46,378
Occupancy	25,702	4,284	4,284	34,270
Events Registrations and Fees	-	-	27,263	27,263
Payroll Taxes	9,978	903	6,218	17,099
Contract Services	-	-	14,749	14,749
Facilities and Equipment Rental	1,090	279	12,402	13,771
Apparel and Awards	-	90	12,051	12,141
Telephone	7,696	369	369	8,434
Printing	701	117	7,093	7,911
Other	500	2,885	3,894	7,279
Technology	3,278	563	2,434	6,275
Depreciation	4,405	734	734	5,873
Insurance	-	4,851	941	5,792
Amortization	3,281	546	1,869	5,696
Bank Charges and Business Fees	403	180	4,998	5,581
Conferences, Conventions and Meetings	375	-	4,174	4,549
Postage	1,658	122	2,185	3,965
Advertising	-	-	2,600	2,600
Employee and Volunteer Expenses	559	-	1,865	2,424
Travel	1,217	-	486	1,703
Total Expenses	<u>\$ 923,555</u>	<u>\$ 39,126</u>	<u>\$ 285,950</u>	<u>\$ 1,248,631</u>

Some of the above expenses result from contributed goods and services. See Note 4.

The accompanying notes are an integral part of these financial statements.



## Financial Statements

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### SALUTE, INC.

#### STATEMENTS OF CASH FLOWS - CASH BASIS

YEAR ENDED MARCH 31

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 170,365	\$ 114,232
Adjustments to Reconcile Change in Net Assets to Cash Provided (Used) by Operating Activities		
Depreciation Expense	4,677	5,873
Amortization Expense	<u>5,707</u>	<u>5,696</u>
Net Cash Provided by (Used in) Operating Activities	<u>180,749</u>	<u>125,801</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Deposit on Remodel	(14,700)	-
Purchase of Computers	(5,624)	(1,000)
Purchase of Intangible Assets	<u>(5,582)</u>	<u>-</u>
Net Cash (Used in) Investing Activities	<u>(25,906)</u>	<u>(1,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	154,843	124,801
Cash and Cash Equivalents, Beginning of Year	<u>1,191,182</u>	<u>1,066,381</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,346,025</u></u>	<u><u>\$ 1,191,182</u></u>
<b>Supplemental Cash Flows Disclosures</b>		
Cash Paid For:		
Taxes	\$ -	\$ -
Interest	-	-

The accompanying notes are an integral part of these financial statements.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Nature of Organization Activities

SALUTE, INC. (the Organization) is a nonprofit organization that was founded in 2003, in Arlington Heights, Illinois. The works of the Organization speak to their support of military personnel and their families as they “Honor the Service...Remember the Sacrifice.” The Organization raises funds for military service members, veterans, and their families who have been wounded, injured or experienced financial hardship. Funds have been raised through grants and through various activities held by the Organization including runs/walks, participation in marathons, and other fundraising events.

The primary focus of SALUTE, INC. is direct financial support on behalf of veterans and their families who have incurred some level of disability, injury or condition due to their military service. Assistance is provided by the following programs.

**Emergency Financial Assistance** provides assistance with rent, mortgage payments, car related expenses, food, utility bills, medical bills, and other critical needs.

**Neuro Community Care LLC (NCC)** is an independent provider of Case Management and Community Support Services for persons with brain injury and other neurological disorders (e.g., stroke, brain tumor, ALS, spinal cord injury). NCC’s services are provided in an individual’s home or community and are functionally based. This translates to real-life skill development and stabilization, which increases the likelihood of independence and decreases the occurrence of decline and/or crises which may lead to repeated admissions to costly hospital and rehabilitation programs. NCC is proud to collaborate with SALUTE, INC., in support of the service members and veterans we serve.

**Warrior Transition Unit (WTU)** – SALUTE, INC. provides financial assistance to injured active duty and injured veterans enrolled in the Warrior Transition Unit programs at the Army bases located at Fort Campbell, Fort Carson, Fort Hood and Fort Riley. The soldiers enrolled in the WTU programs are undergoing medical treatment and transitioning to medical retirement from the Army.

**Shirley Ryan AbilityLab - Therapeutic Adaptive Sports Camps/Activities** which shift focus from a veteran’s disability to their abilities. Adaptive opportunities include Paralympic Sports Camp, cycling, fishing, hunting, horseback riding, skiing and water sports.

**Walking Tall Cane Project** – SALUTE, INC. is proud to provide ergonomically correct, orthopedic canes to veterans and military personnel. The canes are supplied free of cost to veterans and military service members. The Walking Tall Cane program was established in honor of Marine Lance Cpl. Phillip Frank, who was killed in action in April 2004.

## **Notes to Financial Statements**

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### Basis of Accounting

The accompanying financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Under this basis, revenue is recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligations are incurred. Consequently, the Organization has not recognized receivables from the fundraising events, prepaid expenses and accounts payable to vendors, and their related effects on the change in net assets in the accompanying financial statements. The Organization does capitalize and depreciate/amortize furniture and equipment and intangible assets.

#### Use of Estimates

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

#### Financial Statement Presentation

As of March 31, 2019, the Organization adopted ASU 2016-14, which affects the presentation of financial statements for Not-for-Profit Entities.

In accordance with ASU 2016-14, the Organization reports its financial position and activities into two classes of net assets: those without donor restrictions and those with donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

With Donor Restrictions – Net assets subject to donor-imposed stipulations that must be maintained by the Organization until the restriction of time or purpose is satisfied, or in perpetuity.

Without Donor Restrictions – Net assets of the Organization not subject to donor-imposed stipulations. Unrestricted net assets may also be designated for specific purposes by action of the Board of Directors.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Adoption of ASU 2016-14 made no changes to the amounts reported, only the descriptions.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Recognition of Support and Revenues

In accordance with professional standards, contributions, which consist of cash received from donors and contributed goods and services, are recognized as support or revenue when received. All contributions are considered without donor restrictions unless specifically restricted by the donor or by laws and regulations. Contributions received with donor restrictions that are met in the same period as contributed are reported as unrestricted support and increase unrestricted net assets. Grants are recognized in the period in which they are received.

#### Cash and Cash Equivalents and Liquidity Funds

Cash and cash equivalents consists of checking and savings accounts and certificates of deposit maturing within six months of year-end.

The Organization annually prepares a detailed budget which provides adequate resources to cover program costs. If circumstances change during the year, this budget is updated. Bills are paid as they become due and cash balances are monitored to insure adequate amounts are available to meet current obligations. All cash and cash equivalents are available to meet expenses for the upcoming year.

#### Property and Equipment

Property and equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method based upon a three year life for computer equipment and a seven year life for furniture.

Maintenance, repairs and renewals which neither materially add to the value of the property nor prolong its life are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in income. Generally, \$1,000 is the amount at which assets will be capitalized.

#### Intangibles

Intangibles consist of promotional videos, leasehold improvements and capitalized website creation costs, which are being amortized over estimated useful lives of three, fifteen and three to five years, respectively, on the straight-line method.

#### Functional Allocation of Expenses

The costs of providing various programs and other activities are presented on a functional basis in the statements of revenues, expenses and other changes in net assets. Accordingly, certain expenses have been allocated among the programs and supporting services benefited, based on direct charges, hours worked or payroll allocation.

#### Advertising Costs

Advertising costs are expensed as incurred.

## Notes to Financial Statements

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### Note 2: Bank Deposits

At March 31, 2020 the Organization had \$1,356,589 on deposit in financial institutions, including \$610,354 in certificates of deposit at an interest rate of 1.982%. All deposits were covered by FDIC insurance.

### Note 3: Property and Equipment Intangibles

Property and equipment and intangibles consist of the following:

	<u>2020</u>	<u>2019</u>
Property and Equipment		
Computer Equipment	\$ 14,102	\$ 27,174
Furniture	8,500	8,500
Deposit on Office Remodel	14,700	-
Accumulated Depreciation	<u>(13,277)</u>	<u>(27,297)</u>
	<u>\$ 24,025</u>	<u>\$ 8,377</u>
Intangibles		
Website	\$ 20,837	\$ 18,437
Promotional Videos	8,221	9,340
Leasehold Improvements	3,675	3,675
Accumulated Amortization	<u>(21,942)</u>	<u>(20,535)</u>
	<u>\$ 10,791</u>	<u>\$ 10,917</u>

### Note 4: Contributed Goods and Services

Contributed goods, facilities and services are reported in the statements of revenues, expenses and other changes in net assets as both a source of revenue and a corresponding expense at estimated fair value.

	<u>2020</u>	<u>2019</u>
Contributed Goods and Services Revenues:		
Special Events Revenue	\$ 48,528	\$ 21,025
Donated Goods and Services	<u>29,705</u>	<u>23,779</u>
	<u>\$ 78,233</u>	<u>\$ 44,804</u>
Contributed Goods and Services Expenses:		
Facilities and Equipment Rental	\$ 32,732	\$ 11,474
Professional Fees	28,730	22,970
Food and Supplies	15,796	9,551
Grants and Financial Assistance	<u>975</u>	<u>809</u>
	<u>\$ 78,233</u>	<u>\$ 44,804</u>
Contributed Goods and Services used for:		
On Behalf of Veteran	\$ 29,155	\$ 23,229
Fund Raising	48,528	21,025
Management and General	<u>550</u>	<u>550</u>
	<u>\$ 78,233</u>	<u>\$ 44,804</u>

## Notes to Financial Statements

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### Note 4: Contributed Goods and Services (Continued)

The Organization receives a significant amount of other donated services from volunteers who assist in its programs and fund raising in the furtherance of its purposes. No amounts have been recognized in the statement of revenues, expenses and other changes in net assets because they do not meet the criteria for recognition under professional standards issued by the Financial Accounting Standards Board.

### Note 5: Net Assets With Donor Restrictions

The following is the breakdown of the amounts remaining in temporarily restricted net assets as of March 31:

	<u>2020</u>	<u>2019</u>
Veteran Emergency Financial Assistance	<u>\$ 122,748</u>	<u>\$ 47,268</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose. Net assets released from restrictions:

	<u>2020</u>	<u>2019</u>
Direct Assistance to Veterans Laptop Program	<u>\$ 239,520</u>	<u>\$ 152,732</u>
	<u>-</u>	<u>165</u>
Total	<u>\$ 239,520</u>	<u>\$ 152,897</u>

### Note 6: Office Space Lease

On March 10, 2020, the Organization entered into a lease for office space. The lease has a 12-month term ending March 31, 2021 at the rate of \$2,865 per month. Rent expense for the years ended March 31, 2020 and 2019 were \$34,380 and \$34,270, respectively.

### Note 7: Tax-Exempt Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the tax years ending March 31: 2017, 2018 and 2019, are subject to examination by the IRS, generally for three years after their due date, including extensions. The current year's 990 has not yet been filed. There are no audits in process.

### Note 8: Concentration

For the year ended March 31, 2020 and 2019 approximately 35% and 38%, respectively, of the Organization's revenues were received from the total of two individual donors and one granting organization.

### **Note 9: Subsequent Events**

In 2020, the world is experiencing a COVID-19 pandemic. The result is far reaching effects on individuals, businesses and governments. This has directly affected SALUTE, INC. through the necessity of canceling fund-raising events, the largest being the 2020 Chicago Marathon. This has and will hamper fund-raising efforts for the 2020-2021 year, and possibly in the future. SALUTE, INC. was able to avail itself of the government sponsored Paycheck Protection Program (PPP) to provide additional funds to mitigate these effects. The Organization believes this money will not need to be repaid. SALUTE, INC. has sufficient resources to continue to provide services during this crisis.

Management has evaluated material subsequent events from the balance sheet date of March 31, 2020 through the financial statement report date as shown on the independent auditor's report (page 2), the date which the financial statements were available to be issued.