

# SALUTE, INC.

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31,  
2021 AND 2020



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## **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 – modified cash basis as of March 31, 2021 and 2020, and the related statements of support, revenue, and expenses – modified cash basis, functional expense – modified cash basis, and cash flows – modified 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 modified cash basis of accounting as described in Note 1; this includes determining that the modified 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.

In Association With:

MCCLURE INSERRA  
& COMPANY CHARTERED  
ACCOUNTANTS AND CONSULTANTS



## **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, 2021 and 2020, and its support, revenue, and expenses, and cash flows, for the years then ended in accordance with the modified 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 modified 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.

ATA GROUP, LLP

July 15, 2021

## Financial Statements

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### SALUTE, INC.

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

MARCH 31

#### ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,392,606	\$ 1,346,025
Artwork	13,000	-
	<u>1,405,606</u>	<u>1,346,025</u>
PROPERTY AND EQUIPMENT, NET	19,689	24,025
INTANGIBLES, NET	<u>9,375</u>	<u>10,791</u>
Total Assets	<u>\$ 1,434,670</u>	<u>\$ 1,380,841</u>

#### LIABILITIES AND NET ASSETS

LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS		
Without Donor Restrictions	1,422,147	1,258,093
With Donor Restrictions	<u>12,523</u>	<u>122,748</u>
Total Net Assets	<u>1,434,670</u>	<u>1,380,841</u>
Total Liabilities and Net Assets	<u>\$ 1,434,670</u>	<u>\$ 1,380,841</u>

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

## Financial Statements

### SALUTE, INC.

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

YEARS ENDED MARCH 31

NET ASSETS WITHOUT DONOR RESTRICTIONS	2021	2020
Support and Revenues		
Grants and Contributions	\$ 689,024	\$ 611,387
Special Events Revenue	205,845	569,157
Contributed Goods and Services	44,219	78,233
Forgiven PPP Loan	42,730	-
Interest and Dividend Income	6,006	14,684
Total Unrestricted Support and Revenues	987,824	1,273,461
Net Assets Released from Restrictions		
Restrictions Satisfied by Payment	135,225	239,520
Total Unrestricted Support and Revenues and Restricted Monies Released	1,123,049	1,512,981
EXPENSES		
Program Activities	746,359	1,037,974
Management and General	42,581	39,776
Fund Raising	170,055	340,346
Total Expenses	958,995	1,418,096
Increase in Unrestricted Net Assets	164,054	94,885
NET ASSETS WITH DONOR RESTRICTIONS		
Grants and Contributions with Donor Restrictions	25,000	315,000
Net Assets Released from Restrictions	(135,225)	(239,520)
Increase (Decrease) in Net Assets with Donor Restrictions	(110,225)	75,480
Change in Net Assets	53,829	170,365
NET ASSETS, BEGINNING OF YEAR	1,380,841	1,210,476
NET ASSETS, END OF YEAR	\$ 1,434,670	\$ 1,380,841

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

## Financial Statements

SALUTE, INC.

### STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

YEAR ENDED MARCH 31, 2021

	<u>SUPPORTING SERVICES</u>			<u>TOTAL EXPENSES</u>
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND RAISING</u>	
Veteran Assistance	\$537,940	\$ -	\$ -	\$ 537,940
Salaries	122,568	11,581	85,280	219,429
Professional Fees	27,000	10,347	17,864	55,211
Occupancy	25,789	4,298	4,298	34,385
Payroll Taxes	9,645	911	6,711	17,267
Food and Supplies	336	1,053	15,389	16,778
Events Registrations and Fees	15	30	13,451	13,496
Technology	3,960	1,980	5,690	11,630
Printing	265	104	9,382	9,751
Telephone	7,260	395	395	8,050
Other	871	4,848	887	6,606
Amortization	3,668	611	1,699	5,978
Insurance	-	5,140	-	5,140
Bank Charges and Business Fees	1,521	152	3,192	4,865
Depreciation	3,252	542	542	4,336
Postage	1,019	243	2,317	3,579
Facilities and Equipment Rental	1,250	346	283	1,879
Apparel and Awards	-	-	1,753	1,753
Advertising	-	-	912	912
Conferences, Conventions and Meetings	-	-	10	10
Total Expenses	<u>\$ 746,359</u>	<u>\$ 42,581</u>	<u>\$ 170,055</u>	<u>\$ 958,995</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

SALUTE, INC.

## STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

YEAR ENDED MARCH 31, 2020

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL EXPENSES
		MANAGEMENT AND GENERAL	FUND RAISING	
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.

#### STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

YEAR ENDED MARCH 31

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 53,829	\$ 170,365
Adjustments to Reconcile Change in Net Assets to Cash Provided (Used) by Operating Activities		
Depreciation Expense	4,336	4,677
Amortization Expense	5,978	5,707
Artwork	<u>(13,000)</u>	<u>-</u>
Net Cash Provided by (Used in) Operating Activities	<u>51,143</u>	<u>180,749</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Deposit on Remodel	-	(14,700)
Purchase of Computers	-	(5,624)
Purchase of Intangible Assets	<u>(4,562)</u>	<u>(5,582)</u>
Net Cash (Used in) Investing Activities	<u>(4,562)</u>	<u>(25,906)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	46,581	154,843
Cash and Cash Equivalents, Beginning of Year	<u>1,346,025</u>	<u>1,191,182</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,392,606</u>	<u>\$ 1,346,025</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.

**Academic Medical Center Partnerships** – SALUTE, INC. also provides financial assistance, reducing barriers to care for veterans seeking to heal the invisible wounds of war such as post-traumatic stress, traumatic brain injury, anxiety, depression, cooccurring substance use disorder, military sexual trauma, family relationship challenges and other issues associated with military service. SALUTE, INC.’s partnership with mental health facilities (the Road Home Program at Rush University Medical Center, the Home Base Veteran and Family Care Program at Massachusetts General Hospital, the Emory Healthcare Veterans Program, and UCLA Operation Mend) offers SALUTE, INC. a direct line to those who need financial support to continue their treatment.

**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.

**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 modified 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 modified 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.

#### 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

## **Notes to Financial Statements**

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

specifically restricted by the donor or by laws and regulations. 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 three 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.

#### Artwork

Artwork was donated from an estate with an estimated fair market value of \$13,000 and will be sold within a 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

The Organization had bank balances of \$1,413,165 and \$1,356,589 on deposit in financial institutions, including \$600,213 and \$610,354 in certificates of deposit at interest rates of .10% and 1.982%, at March 31, 2021 and 2020, respectively. All deposits were covered by FDIC insurance except \$431,880 and \$445,550, at March 31, 2021 and 2020, respectively.

### Note 3: Property and Equipment Intangibles

Property and equipment and intangibles consist of the following:

	<u>2021</u>	<u>2020</u>
Property and Equipment		
Computer Equipment	\$ 12,724	\$ 14,102
Furniture	8,500	8,500
Office Remodel Deposit (not depreciated)	14,700	14,700
Accumulated Depreciation	<u>(16,235)</u>	<u>(13,277)</u>
	<u>\$ 19,689</u>	<u>\$ 24,025</u>
Intangibles		
Website	\$ 24,399	\$ 20,837
Promotional Videos	4,181	8,221
Leasehold Improvements	3,675	3,675
Accumulated Amortization	<u>(22,880)</u>	<u>(21,942)</u>
	<u>\$ 9,375</u>	<u>\$ 10,791</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>2021</u>	<u>2020</u>
Contributed Goods and Services Revenues:		
Special Events Revenue	\$ 2,750	\$ 48,528
Donated Goods and Services	<u>41,469</u>	<u>29,705</u>
	<u>\$ 44,219</u>	<u>\$ 78,233</u>
Contributed Goods and Services Expenses:		
Facilities and Equipment Rental	\$ -	\$ 32,732
Professional Fees	26,530	28,730
Food and Supplies	2,750	15,796
Grants and Financial Assistance	<u>439</u>	<u>975</u>
	<u>\$ 29,719</u>	<u>\$ 78,233</u>
Contributed Goods and Services used for:		
On Behalf of Veteran	\$ 26,419	\$ 29,155
Fund Raising	2,750	48,528
Management and General	<u>550</u>	<u>550</u>
	<u>\$ 29,719</u>	<u>\$ 78,233</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>2021</u>	<u>2020</u>
Veteran Emergency Financial Assistance	<u>\$ 12,523</u>	<u>\$ 122,748</u>

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

	<u>2021</u>	<u>2020</u>
Direct Assistance to Veterans	\$ 135,225	\$ 239,520
Laptop Program	<u>-</u>	<u>-</u>
Total	<u>\$ 135,225</u>	<u>\$ 239,520</u>

### Note 6: Office Space Lease

On April 1, 2021, the Organization entered into a lease for office space. The lease has a 12-month term ending March 31, 2022 at the rate of \$2,870 per month. Rent expense for the years ended March 31, 2021 and 2020 were \$34,385 and \$34,380, 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: 2018, 2019 and 2020, 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: Concentrations

For the year ended March 31, 2021 and 2020 approximately 20% and 35%, respectively, of the Organization's revenues were received from one individual in 2021 and the total of two individual donors and one granting organization in 2020.

## **Notes to Financial Statements**

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### **Note 9: Contingencies**

In 2020, the world is experiencing a COVID-19 pandemic. The result is far reaching effects on individuals, businesses and governments. In the new year, businesses have begun to open up and the world may be returning to normal. However, the virus, and its mutations, have not been contained and still pose a threat to the future.

### **Note 10: Subsequent Events**

Management has evaluated material subsequent events from the balance sheet date of March 31, 2021 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.