

# SALUTE, INC.

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31,  
2022 AND 2021



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## **Independent Auditor's Report**

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Board of Directors of  
SALUTE, INC.  
Palatine, Illinois

### **Opinion**

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, 2022 and 2021, and the related statements of support, revenue, and expenses – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the years 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 assets, liabilities, and net assets of Salute, Inc. as of March 31, 2022 and 2021, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

### **Basis for Opinion**

We conducted our audits 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 Salute, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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.

### **Responsibilities of Management 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; and for 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.

## **Independent Auditor's Report**

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### **Auditor's 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 Salute 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 Salute 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.

ATA GROUP, LLP

August 23, 2022

## Financial Statements

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### SALUTE, INC.

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

MARCH 31

#### ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,489,013	\$ 1,392,606
Artwork	-	13,000
	<u>1,489,013</u>	<u>1,405,606</u>
PROPERTY AND EQUIPMENT, NET	16,600	19,689
INTANGIBLES, NET	<u>8,914</u>	<u>9,375</u>
Total Assets	<u>\$ 1,514,527</u>	<u>\$ 1,434,670</u>

#### LIABILITIES AND NET ASSETS

LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS		
Without Donor Restrictions	1,511,696	1,422,147
With Donor Restrictions	<u>2,831</u>	<u>12,523</u>
Total Net Assets	<u>1,514,527</u>	<u>1,434,670</u>
Total Liabilities and Net Assets	<u>\$ 1,514,527</u>	<u>\$ 1,434,670</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	2022	2021
Support and Revenues		
Grants and Contributions	\$ 674,303	\$ 689,024
Special Events Revenue	404,281	205,845
Contributed Goods and Services	36,310	44,219
Forgiven PPP Loan	-	42,730
Interest and Dividend Income	3,256	6,006
Total Unrestricted Support and Revenues	1,118,150	987,824
Net Assets Released from Restrictions		
Restrictions Satisfied by Payment	197,692	135,225
Total Unrestricted Support and Revenues and Restricted Monies Released	1,315,842	1,123,049
EXPENSES		
Program Activities	946,122	746,359
Management and General	41,937	42,581
Fund Raising	238,234	170,055
Total Expenses	1,226,293	958,995
Increase in Unrestricted Net Assets	89,549	164,054
NET ASSETS WITH DONOR RESTRICTIONS		
Grants and Contributions with Donor Restrictions	188,000	25,000
Net Assets Released from Restrictions	(197,692)	(135,225)
Increase (Decrease) in Net Assets with Donor Restrictions	(9,692)	(110,225)
Change in Net Assets	79,857	53,829
NET ASSETS, BEGINNING OF YEAR	1,434,670	1,380,841
NET ASSETS, END OF YEAR	\$ 1,514,527	\$ 1,434,670

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, 2022

	SUPPORTING SERVICES			TOTAL EXPENSES
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	
Veteran Assistance	\$ 706,955	\$ -	\$ -	\$ 706,955
Salaries	144,058	12,308	77,161	233,527
Professional Fees	32,486	10,201	13,415	56,102
Food and Supplies	897	1,471	53,190	55,558
Occupancy	25,982	4,234	4,234	34,450
Events Registrations and Fees	360	-	26,832	27,192
Payroll Taxes	11,385	973	6,098	18,456
Other	-	3,353	15,101	18,454
Technology	5,995	2,246	5,429	13,670
Telephone	9,104	429	428	9,961
Apparel and Awards	-	-	9,604	9,604
Printing	96	113	7,126	7,335
Bank Charges and Business Fees	2,763	144	3,203	6,110
Insurance	-	5,472	210	5,682
Contract Services	-	-	5,389	5,389
Facilities and Equipment Rental	974	178	3,035	4,187
Amortization	1,984	248	1,703	3,935
Depreciation	2,471	309	309	3,089
Postage	598	258	2,147	3,003
Conferences, Conventions and Meetings	-	-	1,983	1,983
Employee and Volunteer Expenses	14	-	633	647
Travel	-	-	504	504
Advertising	-	-	500	500
Total Expenses	<u>\$ 946,122</u>	<u>\$ 41,937</u>	<u>\$ 238,234</u>	<u>\$ 1,226,293</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, 2021

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL EXPENSES
		MANAGEMENT AND GENERAL	FUND RAISING	
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

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### SALUTE, INC.

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

YEAR ENDED MARCH 31

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 79,857	\$ 53,829
Adjustments to Reconcile Change in Net Assets to Cash Provided (Used) by Operating Activities		
Depreciation Expense	3,089	4,336
Amortization Expense	<u>3,935</u>	<u>5,978</u>
Net Cash Provided by (Used in) Operating Activities	<u>86,881</u>	<u>64,143</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Artwork	13,000	(13,000)
Purchase of Computers	(2,200)	-
Purchase of Intangible Assets	<u>(1,274)</u>	<u>(4,562)</u>
Net Cash (Used in) Investing Activities	<u>9,526</u>	<u>(17,562)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	96,407	46,581
Cash and Cash Equivalents, Beginning of Year	<u>1,392,606</u>	<u>1,346,025</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,489,013</u></u>	<u><u>\$ 1,392,606</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.

**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 was sold during the year ended March 31, 2022.

#### **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.

#### **Reclassifications**

Certain reclassifications have been made to the 2021 financial statement presentation to correspond to the current year's format.

## Notes to Financial Statements

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

#### Advertising Costs

Advertising costs are expensed as incurred.

### Note 2: Bank Deposits

The Organization had bank balances of \$1,489,013 and \$1,413,165 on deposit in financial institutions, including \$400,242 and \$600,213 in certificates of deposit at interest rates of .10% and .10%, at March 31, 2022 and 2021, respectively. All deposits were covered by FDIC insurance.

### Note 3: Property and Equipment Intangibles

Property and equipment and intangibles consist of the following:

	<u>2022</u>	<u>2021</u>
Property and Equipment		
Computer Equipment	\$ 12,724	\$ 12,724
Furniture	8,500	8,500
Office Remodel Deposit (not depreciated)	14,700	14,700
Accumulated Depreciation	<u>(19,324)</u>	<u>(16,235)</u>
	<u>\$ 16,600</u>	<u>\$ 19,689</u>
Intangibles		
Website	\$ 25,673	\$ 24,399
Promotional Videos	6,381	4,181
Leasehold Improvements	3,675	3,675
Accumulated Amortization	<u>(26,815)</u>	<u>(22,880)</u>
	<u>\$ 8,914</u>	<u>\$ 9,375</u>

## Notes to Financial Statements

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### 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>2022</u>	<u>2021</u>
Contributed Goods and Services Revenues:		
Contributed Goods and Services	\$ 31,900	\$ 41,469
Special Events Revenue	4,410	2,750
	<u>\$ 36,310</u>	<u>\$ 44,219</u>
Contributed Goods and Services Expenses:		
Professional Fees	\$ 31,900	\$ 26,530
Food and Supplies	4,410	2,750
Grants and Financial Assistance	-	439
	<u>\$ 36,310</u>	<u>\$ 29,719</u>
Contributed Goods and Services used for:		
On Behalf of Veteran	\$ 31,300	\$ 26,419
Fund Raising	4,410	2,750
Management and General	600	550
	<u>\$ 36,310</u>	<u>\$ 29,719</u>

The Organization records various types of in-kind support including contributed assets and professional services. Recognition of contributed tangible assets is recorded at estimated fair market value when received. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses.

Additionally, the Organization receives a significant amount of contributed time from volunteers who assist in its programs and fund raising in the furtherance of its purposes. Because this contributed time does not meet the two recognition criteria stated above, the value has not been determined and is not reflected in the accompanying financial statements.

### 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>2022</u>	<u>2021</u>
Veteran Emergency Financial Assistance	<u>\$ 2,831</u>	<u>\$ 12,523</u>

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

## Notes to Financial Statements

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### Note 5: Net Assets With Donor Restrictions (Continued)

	<u>2022</u>	<u>2021</u>
Direct Assistance to Veterans	<u>\$ 197,692</u>	<u>\$ 135,225</u>

### Note 6: Office Space Lease

On April 1, 2022, the Organization entered into a lease for office space. The lease has a 12-month term ending March 31, 2023 at the rate of \$2,880 per month. Rent expense for the years ended March 31, 2022 and 2021 were \$34,450 and \$34,385, 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: 2019, 2020 and 2021, 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, 2022 and 2021 approximately 11% and 20%, respectively, of the Organization's revenues were received from one granting organization in 2022 and one individual donor in 2021.

### Note 9: Subsequent Events

Management has evaluated material subsequent events from the balance sheet date of March 31, 2022 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.