

SALUTE, INC.

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31,
2024 AND 2023



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Independent Auditor's Report

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, 2024 and 2023, 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, 2024 and 2023, and its support, revenue and expenses, and its cash flows for the years 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.

Financial Statements

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 SALUTE, INC.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 1, 2024

Financial Statements

SALUTE, INC.

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

MARCH 31

ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 969,446	\$ 1,170,181
Vendor Credit	-	6,154
Total Current Assets	<u>969,446</u>	<u>1,176,335</u>
NONCURRENT ASSETS		
Property and Equipment, net	6,527	8,485
Intangibles, net	7,628	9,199
CD Investment	418,286	403,773
Total Noncurrent Assets	<u>432,441</u>	<u>421,457</u>
Total Assets	<u>\$ 1,401,887</u>	<u>\$ 1,597,792</u>

LIABILITIES AND NET ASSETS

LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS		
Without Donor Restrictions	1,281,544	1,493,959
With Donor Restrictions	120,343	103,833
Total Net Assets	<u>1,401,887</u>	<u>1,597,792</u>
Total Liabilities and Net Assets	<u>\$ 1,401,887</u>	<u>\$ 1,597,792</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	2024	2023
Support and Revenues		
Grant Contributions of Cash	\$ 505,484	\$ 477,769
Special Events Revenue	624,501	593,011
Contributions of Nonfinancial Assets	35,072	27,472
Interest and Dividend Income	45,108	8,460
Total Unrestricted Support and Revenues	1,210,165	1,106,712
Net Assets Released from Restrictions		
Restrictions Satisfied by Payment	188,490	391,998
Total Unrestricted Support and Revenues and Restricted Monies Released	1,398,655	1,498,710
EXPENSES		
Program Activities	1,188,899	1,161,510
Management and General	65,218	44,917
Fund Raising	356,953	310,020
Total Expenses	1,611,070	1,516,447
Increase (Decrease) in Unrestricted Net Assets	(212,415)	(17,737)
NET ASSETS WITH DONOR RESTRICTIONS		
Grant Contribution of Cash with Donor Restrictions	205,000	493,000
Net Assets Released from Restrictions	(188,490)	(391,998)
Increase in Net Assets with Donor Restrictions	16,510	101,002
Change in Net Assets	(195,905)	83,265
NET ASSETS, BEGINNING OF YEAR	1,597,792	1,514,527
NET ASSETS, END OF YEAR	\$ 1,401,887	\$ 1,597,792

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, 2024

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL EXPENSES
		MANAGEMENT AND GENERAL	FUND RAISING	
Veteran Assistance	\$ 935,290	\$ -	\$ -	\$ 935,290
Salaries	154,451	16,322	87,341	258,114
Professional Fees	29,795	14,134	27,845	71,774
Food and Supplies	523	3,390	111,765	115,678
Occupancy	28,340	3,543	3,543	35,426
Events Registrations and Fees	-	-	49,005	49,005
Payroll Taxes	12,242	1,294	6,923	20,459
Other	-	11,105	2,561	13,666
Technology	6,774	6,694	4,647	18,115
Telephone	10,438	384	384	11,206
Apparel and Awards	-	-	15,774	15,774
Printing	345	135	9,095	9,575
Bank Charges and Business Fees	5,506	672	4,098	10,276
Insurance	-	6,796	60	6,856
Contract Services	-	-	22,706	22,706
Facilities and Equipment Rental	1,670	226	4,125	6,021
Amortization	1,514	190	1,267	2,971
Depreciation	1,566	196	196	1,958
Postage	445	137	1,322	1,904
Conferences, Conventions and Meetings	-	-	2,866	2,866
Employee and Volunteer Expenses	-	-	644	644
Travel	-	-	786	786
Advertising	-	-	-	-
Total Expenses	<u>\$ 1,188,899</u>	<u>\$ 65,218</u>	<u>\$ 356,953</u>	<u>\$ 1,611,070</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, 2023

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL EXPENSES
		MANAGEMENT AND GENERAL	FUND RAISING	
Veteran Assistance	\$ 916,687	\$ -	\$ -	\$ 916,687
Salaries	153,401	12,874	85,531	251,806
Professional Fees	20,471	10,646	18,917	50,034
Food and Supplies	1,046	3,223	101,536	105,805
Occupancy	27,648	3,456	3,456	34,560
Events Registrations and Fees	700	-	24,473	25,173
Payroll Taxes	12,148	1,019	6,774	19,941
Other	113	2,387	3,770	6,270
Technology	6,401	3,684	5,110	15,195
Telephone	10,485	348	348	11,181
Apparel and Awards	-	-	13,980	13,980
Printing	240	4	6,871	7,115
Bank Charges and Business Fees	4,449	858	4,075	9,382
Insurance	-	5,243	954	6,197
Contract Services	753	-	18,459	19,212
Facilities and Equipment Rental	1,375	579	6,031	7,985
Amortization	1,853	232	2,181	4,266
Depreciation	2,564	321	320	3,205
Postage	494	43	2,041	2,578
Conferences, Conventions and Meetings	-	-	2,906	2,906
Employee and Volunteer Expenses	44	-	733	777
Travel	638	-	677	1,315
Advertising	-	-	877	877
Total Expenses	<u>\$ 1,161,510</u>	<u>\$ 44,917</u>	<u>\$ 310,020</u>	<u>\$ 1,516,447</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.

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

YEAR ENDED MARCH 31

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (195,905)	\$ 83,265
Adjustments to Reconcile Change in Net Assets to Cash Provided (Used) by Operating Activities		
Depreciation Expense	1,958	3,205
Amortization Expense	2,971	4,266
Interest Credited to CD Investment	(14,513)	(3,521)
Change in Vendor Credit for Supplies	6,154	3,995
	<u>(199,335)</u>	<u>91,210</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(9,790)
Purchase of Intangibles	(1,400)	-
	<u>(1,400)</u>	<u>(9,790)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	(200,735)	81,420
Cash and Cash Equivalents, Beginning of Year	<u>1,170,181</u>	<u>1,088,761</u>
Cash and Cash Equivalents, End of Year	<u>\$ 969,446</u>	<u>\$ 1,170,181</u>
Supplemental Cash Flows Disclosures:		
Cash Paid For:		
Taxes	\$ -	\$ -
Interest	-	-
Supplemental Disclosure of Noncash Investing		
Vendor Credit Used to Acquire Leasehold Improvements	\$ -	\$ 4,551

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

Notes to Financial Statements

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, 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, co-occurring 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.

Rehabilitation Facilities – SALUTE, INC. provides assistance to families of injured military personnel hospitalized or seeking treatment at the Shirley Ryan AbilityLab and Shepard Center’s SHARE Initiative. Financial Assistance can be provided in areas including, but not limited to, transportation, personal needs, supplemental housing/moving costs, computer purchases and other incidental living expenses.

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.

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

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 property and equipment and intangibles.

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

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

Cash and cash equivalents consists of checking and savings accounts and certificates of deposits with maturities of three months or less.

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 or five 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 2023 financial statement presentation to correspond to the current year's format.

Advertising Costs

Advertising costs are expensed as incurred.

Notes to Financial Statements

Note 2: Bank Deposits

The Organization had bank balances of \$1,387,732 and \$1,573,954 on deposit in financial institutions, including \$418,286 and \$403,773 in certificates of deposit at interest rates of 4.41% and 3.445%, at March 31, 2024 and 2023, respectively. All deposits were covered by FDIC insurance.

Note 3: Liquidity Funds

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.

Note 4: CD Investment

On March 1, 2024, the Organization renewed a Certificate of Deposit in the amount of \$416,725 maturing on May 1, 2025, or 14 months. Interest is accruing at 4.41% with an annual percentage yield of 4.50% compounded monthly. The balances were \$418,286 and \$403,773 at March 31, 2024 and 2023, respectively.

Note 5: Property and Equipment Intangibles

Property and equipment and intangibles consist of the following:

	<u>2024</u>	<u>2023</u>
Property and Equipment		
Computer Equipment	\$ 16,414	\$ 16,414
Furniture	8,500	8,500
Accumulated Depreciation	<u>(18,387)</u>	<u>(16,429)</u>
	<u>\$ 6,527</u>	<u>\$ 8,485</u>
Intangibles		
Website	\$ 25,673	\$ 25,673
Promotional Videos	7,781	6,381
Leasehold Improvements	8,226	8,226
Accumulated Amortization	<u>(34,052)</u>	<u>(31,081)</u>
	<u>\$ 7,628</u>	<u>\$ 9,199</u>

Notes to Financial Statements

Note 6: Contributed Nonfinancial Assets

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>2024</u>	<u>2023</u>
Contributed Goods and Services Revenues:		
Contributed Goods and Services	\$ 24,675	\$ 20,075
Special Events Revenue	10,397	7,397
	<u>\$ 35,072</u>	<u>\$ 27,472</u>
Contributed Goods and Services Expenses:		
Professional Fees	\$ 24,675	\$ 20,075
Food and Supplies	10,397	7,397
Grants and Financial Assistance	-	-
	<u>\$ 35,072</u>	<u>\$ 27,472</u>
Contributed Goods and Services used for:		
Program Services	\$ 23,925	\$ 19,325
Fund Raising	10,397	7,397
Management and General	750	750
	<u>\$ 35,072</u>	<u>\$ 27,472</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.

Notes to Financial Statements

Note 7: Net Assets With Donor Restrictions

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

	<u>2024</u>	<u>2023</u>
Veteran Emergency Financial Assistance	\$ <u>120,343</u>	\$ <u>103,833</u>

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

	<u>2024</u>	<u>2023</u>
Direct Assistance to Veterans	\$ <u>188,490</u>	\$ <u>391,998</u>

Note 8: Office Space Lease

On April 1, 2023, the Organization entered into a lease for office space. The lease has a 12-month term ending March 31, 2024 at the rate of \$2,940 per month. Rent expense for the years ended March 31, 2024 and 2023 were \$35,426 and \$34,560, respectively.

Note 9: 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: 2021, 2022 and 2023, 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 10: Concentrations

For the year ended March 31, 2024 and 2023 approximately 14% and 28%, respectively, of the Organization's revenues were received from one granting organization.

Note 11: Subsequent Events

On April 1, 2024, the Organization entered into a lease for office space. The lease has a 12-month term ending March 31, 2025 at the rate of \$3,025 per month.

Management has evaluated material subsequent events from the balance sheet date of March 31, 2024 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.