



Financial Statements
September 30, 2022

Paralyzed Veterans of America, Inc.
North Central Chapter
(With Comparative Totals for 2021)

Paralyzed Veterans of America, Inc. North Central Chapter

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Independent Auditor's Report

To the Board of Directors
Paralyzed Veterans of America, Inc. North Central Chapter
Rapid City, South Dakota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Paralyzed Veterans of America, Inc. North Central Chapter (the Chapter), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Chapter as of September 30, 2022, and the activities and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of the Chapter 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Chapter's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 GAAS 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 GAAS, 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 the Chapter'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 the Chapter'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.

Report on Summarized Comparative Information

The 2021 financial statements of Paralyzed Veterans of America, Inc. North Central Chapter were audited by other auditors whose report dated January 14, 2022, contained an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Sioux Falls, South Dakota
January 27, 2023

Paralyzed Veterans of America, Inc. North Central Chapter
Statement of Financial Position
September 30, 2022
(with comparative totals for 2021)

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 63,480	\$ 28,157
Accounts receivable	6,050	4,000
Prepaid expenses	6,860	6,548
Inventory	39,151	4,938
Investments	663,316	897,660
Total current assets	778,857	941,303
Property and Equipment		
Land	42,600	42,600
Building and improvements	337,727	329,142
Equipment	59,064	74,549
	439,391	446,291
Less accumulated depreciation	(268,569)	(278,502)
Total property and equipment	170,822	167,789
Total Assets	\$ 949,679	\$ 1,109,092
Liabilities		
Accounts payable	\$ 10,029	\$ 3,835
Accrued compensated absences	18,536	18,559
Total current liabilities	28,565	22,394
Net Assets		
Net assets without donor restrictions	917,493	1,082,807
Net assets with donor restrictions	3,621	3,891
Total net assets	921,114	1,086,698
Total Liabilities and Net Assets	\$ 949,679	\$ 1,109,092

Paralyzed Veterans of America, Inc. North Central Chapter
Statement of Activities
Year Ended September 30, 2022
(with comparative totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue, Support and Gains				
National PVA grant	\$ 158,968	\$ -	\$ 158,968	\$ 147,967
Investment return, net	(133,494)	-	(133,494)	111,552
Other	5,247	-	5,247	61,258
Contributions	82,124	3,621	85,745	71,578
In-kind contributions	37,783	-	37,783	1,745
Net assets released from restrictions	3,891	(3,891)	-	-
Total revenue, support and gains	154,519	(270)	154,249	394,100
Expenses				
Program service expenses				
Public affairs	133,171	-	133,171	139,003
Membership and benefits	121,084	-	121,084	108,928
Research and education	7,000	-	7,000	4,000
Total program service expenses	261,255	-	261,255	251,931
Supporting activities				
General and administrative	42,491	-	42,491	36,150
Fundraising	16,087	-	16,087	15,923
Total supporting activities expenses	58,578	-	58,578	52,073
Total Expenses	319,833	-	319,833	304,004
Change in Net Assets	(165,314)	(270)	(165,584)	90,096
Net Assets, Beginning of Year	1,082,807	3,891	1,086,698	996,602
Net Assets, End of Year	<u>\$ 917,493</u>	<u>\$ 3,621</u>	<u>\$ 921,114</u>	<u>\$ 1,086,698</u>

Paralyzed Veterans of America, Inc. North Central Chapter
Statement of Functional Expenses
Year Ended September 30, 2022
(with comparative totals for 2021)

	Program Service					Supporting Activities				2022 Total	2021 Total
	Public Affairs		Membership and Benefits			Research	General and Administrative		Fundraising		
	Government Relations	Sports	Newsletter	Service to Veterans	Membership	Scholarship Grants					
Compensation	\$ 51,088	\$ 24,125	\$ 4,257	\$ 31,221	\$ 31,221	\$ -	\$ 16,696	\$ 8,348	\$ 166,956	\$ 145,451	
Professional and Consulting	-	-	-	-	-	-	14,190	-	14,190	11,500	
Occupancy	-	-	-	-	20,014	-	1,240	-	21,254	20,162	
Office Supplies	-	-	2,737	-	9,646	-	1,550	-	13,933	18,430	
Postage	-	-	1,167	-	620	-	69	-	1,856	2,260	
Printing, Publication, and Promotion	-	-	-	1,345	1,229	-	-	7,305	9,879	18,580	
Dues and Subscriptions	350	-	-	450	226	-	-	434	1,460	2,260	
Conferences, Meeting, and Travel	384	57,224	-	2,189	7,581	-	-	-	67,378	65,700	
Awards and Grants	-	-	-	5,723	1,458	7,000	-	-	14,181	19,661	
	<u>51,822</u>	<u>81,349</u>	<u>8,161</u>	<u>40,928</u>	<u>71,995</u>	<u>7,000</u>	<u>33,745</u>	<u>16,087</u>	<u>311,087</u>	<u>304,004</u>	
Depreciation	-	-	-	-	-	-	8,746	-	8,746	-	
Total expenses	<u>\$ 51,822</u>	<u>\$ 81,349</u>	<u>\$ 8,161</u>	<u>\$ 40,928</u>	<u>\$ 71,995</u>	<u>\$ 7,000</u>	<u>\$ 42,491</u>	<u>\$ 16,087</u>	<u>\$ 319,833</u>	<u>\$ 304,004</u>	

Paralyzed Veterans of America, Inc. North Central Chapter

Statement of Cash Flows

Year Ended September 30, 2022

(with comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
Reconciliation of Change in Net Assets to Net Cash used for Operating Activities		
Change in net assets	\$ (165,584)	\$ 90,096
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	8,746	8,717
Realized and unrealized losses (gains) on marketable resources	172,509	(101,637)
Loss on disposal of property and equipment	2,162	-
Change in assets and liabilities		
Accounts receivable	(2,050)	(3,318)
Prepaid expenses	(312)	(2,496)
Inventory	(34,213)	(256)
Accounts payable	(2,389)	(3,600)
Accrued compensated absences	(23)	(501)
Deferred revenue	-	(740)
Net Cash used for Operating Activities	<u>(21,154)</u>	<u>(13,735)</u>
Investing Activities		
Purchase of property and equipment	(5,358)	-
Proceeds from sales of marketable securities	682,889	227,269
Purchase of marketable securities	<u>(621,054)</u>	<u>(215,718)</u>
Net Cash from Investing Activities	<u>56,477</u>	<u>11,551</u>
Net Change in Cash and Cash Equivalents	35,323	(2,184)
Cash and Cash Equivalents, Beginning of Year	<u>28,157</u>	<u>30,341</u>
Cash and Cash Equivalents, End of Year	<u>\$ 63,480</u>	<u>\$ 28,157</u>
Supplemental Disclosures of Non-cash Investing Activities		
Purchase of property and equipment in accounts payable	\$ 8,585	\$ -

Note 1 - Principal Activity and Significant Accounting Policies

Principal Business Activity

Paralyzed Veterans of America, Inc. North Central Chapter (the Chapter) is a nonprofit organization which operates to serve paralyzed veterans, veteran's spouses, and veteran's dependents. The Chapter is supported primarily by its National PVA grant. Program services provided by the Chapter are as follows:

Membership and Benefits: This program offers assistance to veterans in obtaining benefits, filing forms properly, as well as providing benefit information to veterans. Various projects at Veterans Medical Administration Centers are funded by the Chapter and include purchases of equipment, items for patient rehabilitation, and items for veteran's nursing homes and state retirement homes.

Public Affairs: The Chapter supports legislation intended to improve the quality of life for veterans and people with disabilities. Also, the Chapter is an advocate for causes such as improving the quality of health care for veterans and other people with disabilities. Funding and support is also provided for various sport and leisure-time activities for disabled veterans. Many hours are donated by chapter members for various community projects.

Research and Education: Scholarships are funded for individuals studying in the fields of nursing, physical therapy, or occupational therapy. Contributions are made to the PVA Spinal Cord Injury Research Center. Grants for assistance for doctors and nurses to attend seminars in related fields are also provided. The Chapter also provides patients with information on medical procedures and care.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Chapter's audited financial statements for the year ended September 30, 2021, from which the summarized information was derived.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts from grants. Allowance for uncollectable accounts receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Account receivables are written off when deemed uncollectable. There was no allowance as of September 30, 2022.

Inventory

Inventory is mostly comprised of wheelchairs and medical equipment to be provided to members in need and is stated at the lower of cost or net realizable value determined by the first-in first-out method.

Property and Equipment

Property and equipment additions over \$2,500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the double declining and straight-line method over the estimated useful lives of the assets ranging from 5 to 39 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended September 30, 2022.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gain and losses, less external investment expenses.

Net Assets

Net assets, revenues, and other support are based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Chapter reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

In-kind contributions include donated equipment and other in-kind contributions which are recorded at the respective fair values of the goods received (Note 6). The Chapter does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Advertising Costs

Advertising costs, which are included in the Statement of Functional Expenses as part of printing, publication, and promotion, are expensed as incurred and approximated \$2,574 during the year ended September 30, 2022.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and office expenses, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Chapter is organized as a South Dakota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualify for the charitable contribution deduction, and has been determined not to be a private foundation. The Chapter is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Chapter is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Chapter has determined it is not subject to unrelated business income tax for the year ended September 30, 2022.

The Chapter believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Chapter would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Chapter to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

The Chapter manages deposit concentration risk by placing cash and cash equivalents and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Chapter has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from agencies supportive of the Chapter's mission. Investments are made by diversified investment managers whose performance is monitored by management and the board of directors. Although the fair values of investments are subject to fluctuation on year-to-year basis, management and the board of directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Chapter.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Change in Accounting Policy

As of October 1, 2021, the Chapter adopted the provisions of Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires enhanced presentation and disclosure of contributed nonfinancial assets. Management has adopted the amendments of this update on a retrospective basis, because it provides increased and more transparent disclosure around contributed nonfinancial assets.

Subsequent Events

The Chapter has evaluated subsequent events through January 27, 2023, the date which the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 63,480
Accounts receivable	6,050
Investments	663,316
Total financial assets	<u>732,846</u>
Donor restricted funds	<u>(3,621)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 729,225</u>

Note 3 - Fair Value Measures and Disclosures

The Chapter reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are development using the best information available in the circumstances.

Paralyzed Veterans of America, Inc. North Central Chapter

Notes to Financial Statements

September 30, 2022

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgement, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset.

Investment assets are classified within Level 1 because they are comprised of open-end mutual funds and exchange-traded funds with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis:

	<u>Total</u>	<u>Fair Value Measurements at Report Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
September 30, 2022				
Mutual funds - fixed income	\$ 223,629	\$ 223,629	\$ -	\$ -
Mutual funds - equity	321,878	321,878	-	-
Exchange-traded funds - equity	<u>117,809</u>	<u>117,809</u>	<u>-</u>	<u>-</u>
	<u>\$ 663,316</u>	<u>\$ 663,316</u>	<u>\$ -</u>	<u>\$ -</u>

Note 4 - Rent Expense

The Chapter leases a copier under an operating lease with an office equipment company. The lease started February 29, 2016, and requires monthly payments of \$391 with variable payments based of usage. Expense related to this lease was \$5,854 for the year ending September 30, 2022.

Future minimum payments required on the lease are as follows:

<u>Years Ending September 30,</u>	
2023	\$ 4,968
2024	<u>3,726</u>
	<u>\$ 8,694</u>

Note 5 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for specified purpose	
Top Gun Pheasant Hunt	\$ 3,621

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended September 30, 2022.

Satisfaction of purpose restrictions	
Printing	\$ 157
Top Gun Pheasant Hunt	3,734
	<u>\$ 3,891</u>

Note 6 - In-kind Contributions

For the year ended September 30, 2022, in-kind contributions recognized within the statement of activities included the following:

Food	\$ 1,194
Gift cards	3,443
Wheelchairs	33,146
	<u>\$ 37,783</u>

Contributed food, gift cards, and wheelchairs are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution. Contributed food, gift cards, and wheelchairs are used in program services.

All gifts-in-kind received during the year ended September 30, 2022 were unrestricted.

Note 7 - Employee Benefits

Effective January 1, 2001, the Chapter adopted a Simple IRA plan. All full-time employees earning \$5,000 or more per year are covered. Employees may make elective deferrals up to \$12,000 per year for 2022. The Chapter has nonelective contributions of 2% of compensation. Plan expense for the year ended September 30, 2022 was \$2,641, and is included in compensation expense.