

**PARALYZED VETERANS OF  
AMERICA - IOWA CHAPTER**

**AUDITED  
FINANCIAL STATEMENTS**

**September 30, 2018 and 2017**

## PARALYZED VETERANS OF AMERICA – IOWA CHAPTER

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Paralyzed Veterans of America – Iowa Chapter

We have audited the accompanying financial statements of the Paralyzed Veterans of America - Iowa Chapter (a nonprofit organization), which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows 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 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.

### **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 audits to obtain reasonable assurance about whether the financial statements are free of 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.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Paralyzed Veterans of America – Iowa Chapter as of September 30, 2018 and 2017, and the results of its activities and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Timmins, Jacobsen & Strawhacker, LLP*

**TIMMINS, JACOBSEN & STRAWHACKER, LLP**

Des Moines, Iowa  
December 10, 2018

**PARALYZED VETERANS OF AMERICA - IOWA CHAPTER**  
**STATEMENTS OF FINANCIAL POSITION**  
**September 30, 2018 and 2017**

ASSETS

	2018	2017
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 24,993	\$ 30,965
Accounts receivable	5,500	-
Investments	150,937	145,604
Prepaid expense	2,497	2,497
Total current assets	183,927	179,066
 <b>PROPERTY AND EQUIPMENT</b>		
Fixed assets less accumulated depreciation of \$88,520 in 2018 and \$74,395 in 2017	352,737	354,364
 <b>CUSTODIAL FUNDS</b>	20,895	17,421
 <b>TOTAL ASSETS</b>	<b>\$ 557,559</b>	<b>\$ 550,851</b>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 32,290	\$ 4,552
Total current liabilities	32,290	4,552
 <b>LONG-TERM LIABILITIES</b>		
Custodial funds	20,895	17,421
	20,895	17,421
 <b>TOTAL LIABILITIES</b>	53,185	21,973
 <b>NET ASSETS</b>		
Unrestricted	502,062	528,878
Temporarily restricted	2,312	-
Total net assets	504,374	528,878
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 557,559</b>	<b>\$ 550,851</b>

See Notes to Financial Statements

**PARALYZED VETERANS OF AMERICA - IOWA CHAPTER**  
**STATEMENTS OF ACTIVITIES**  
**For the Year Ended September 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Changes in net assets:			
Revenues, gains, and support:			
Support:			
PVA Grant	\$ 154,147	\$ -	\$ 154,147
Fundraising	2,225	-	2,225
Contributions	50,353	-	50,353
Special Events	21,371	2,340	23,711
Membership dues	75	-	75
	<u>228,171</u>	<u>2,340</u>	<u>230,511</u>
Revenues and gains:			
Publication income	1,800	-	1,800
Investment income	3,579	-	3,579
Realized (loss) gain on investments	7,384	-	7,384
Unrealized gain (loss) on investments	(3,218)	-	(3,218)
Other	586	-	586
	<u>10,131</u>	<u>-</u>	<u>10,131</u>
Total revenues, gains, and support	<u>238,302</u>	<u>2,340</u>	<u>240,642</u>
Net assets released from restrictions:	28	(28)	-
<b>EXPENSES</b>			
Program services:			
Membership and benefits	113,730	-	113,730
Public affairs	113,540	-	113,540
Research	4,718	-	4,718
Total program services	<u>231,988</u>	<u>-</u>	<u>231,988</u>
Support services:			
General and administrative	31,499	-	31,499
Fund raising	1,659	-	1,659
Total support services	<u>33,158</u>	<u>-</u>	<u>33,158</u>
Total expenses	<u>265,146</u>	<u>-</u>	<u>265,146</u>
Increase (decrease) in net assets	(26,816)	2,312	(24,504)
Net assets, beginning	<u>528,878</u>	<u>-</u>	<u>528,878</u>
Net assets, ending	<u>\$ 502,062</u>	<u>\$ 2,312</u>	<u>\$ 504,374</u>

See Notes to Financial Statements

**PARALYZED VETERANS OF AMERICA - IOWA CHAPTER**  
**STATEMENTS OF ACTIVITIES**  
**For the Year Ended September 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Changes in net assets:			
Revenues, gains, and support:			
Support:			
PVA Grant	\$ 158,084	\$ -	\$ 158,084
Fundraising	3,415	-	3,415
Contributions	34,864	-	34,864
Special Events	7,029	-	7,029
Membership dues	-	-	-
	<u>203,392</u>	<u>-</u>	<u>203,392</u>
Revenues and gains:			
Publication income	600	-	600
Rental income	1,300	-	1,300
Investment income	3,069	-	3,069
Realized (loss) gain on investments	2,277	-	2,277
Unrealized gain (loss) on investments	9,138	-	9,138
Other	837	-	837
	<u>17,221</u>	<u>-</u>	<u>17,221</u>
Total revenues, gains, and support	<u>220,613</u>	<u>-</u>	<u>220,613</u>
<b>EXPENSES</b>			
Program services:			
Membership and benefits	100,767	-	100,767
Public affairs	64,432	-	64,432
Research	5,645	-	5,645
Total program services	<u>170,844</u>	<u>-</u>	<u>170,844</u>
Support services:			
General and administrative	27,740	-	27,740
Fund raising	2,783	-	2,783
Total support services	<u>30,523</u>	<u>-</u>	<u>30,523</u>
Total expenses	<u>201,367</u>	<u>-</u>	<u>201,367</u>
Increase (decrease) in net assets	19,246	-	19,246
Net assets, beginning	<u>509,632</u>	<u>-</u>	<u>509,632</u>
Net assets, ending	<u>\$ 528,878</u>	<u>\$ -</u>	<u>\$ 528,878</u>

See Notes to Financial Statements

**PARALYZED VETERANS OF AMERICA - IOWA CHAPTER**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Years Ended September 30, 2018 and 2017

	2018				2017			
	Program Services				Support Services			
	Membership and Benefits	Public Affairs	Research	Total	General and Administrative	Fund Raising	Total	Grand Total
Compensation	\$ 72,177	\$ 22,208	\$ -	\$ 94,385	\$ 16,657	\$ -	\$ 16,657	\$ 111,042
Professional and consulting	1,748	1,165	-	2,913	2,912	-	2,912	5,825
Occupancy	7,444	5,955	-	13,399	1,489	-	1,489	14,888
Office supplies and expenses	10,441	2,440	-	12,881	2,815	-	2,815	15,696
Postage	1,977	-	-	1,977	219	-	219	2,196
Printing, publications, and promotions	753	-	-	753	-	-	-	753
Dues and subscriptions	189	47	-	236	-	-	-	236
Conferences, meetings, and travel	11,859	43,545	-	55,404	3,570	1,659	5,229	60,633
Awards and grants	-	32,465	4,540	37,005	-	-	-	37,005
Investment expenses	-	-	-	-	2,379	-	2,379	2,379
Other	81	66	178	325	46	-	46	371
Depreciation	7,061	5,649	-	12,710	1,412	-	1,412	14,122
Total functional expenses	\$ 113,730	\$ 113,540	\$ 4,718	\$ 231,988	\$ 31,499	\$ 1,659	\$ 33,158	\$ 265,146

	2018				2017			
	Program Services				Support Services			
	Membership and Benefits	Public Affairs	Research	Total	General and Administrative	Fund Raising	Total	Grand Total
Compensation	\$ 57,202	\$ 17,600	\$ -	\$ 74,802	\$ 13,200	\$ -	\$ 13,200	\$ 88,002
Professional and consulting	1,545	1,030	-	2,575	2,575	-	2,575	5,150
Occupancy	8,198	6,558	-	14,756	1,639	-	1,639	16,395
Office supplies and expenses	10,655	2,682	-	13,337	3,009	-	3,009	16,346
Postage	2,838	-	-	2,838	315	-	315	3,153
Printing, publications, and promotions	858	-	-	858	-	-	-	858
Dues and subscriptions	434	109	-	543	-	-	-	543
Conferences, meetings, and travel	9,905	22,595	-	32,500	2,722	2,783	5,505	38,005
Awards and grants	-	6,553	5,645	12,198	-	-	-	12,198
Investment expenses	-	-	-	-	2,205	-	2,205	2,205
Other	2,090	1,672	-	3,762	667	-	667	4,429
Depreciation	7,042	5,633	-	12,675	1,408	-	1,408	14,083
Total functional expenses	\$ 100,767	\$ 64,432	\$ 5,645	\$ 170,844	\$ 27,740	\$ 2,783	\$ 30,523	\$ 201,367

**PARALYZED VETERANS OF AMERICA - IOWA CHAPTER**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended September 30, 2018 and 2017**

	2018	2017
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (24,504)	\$ 19,246
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	14,122	14,083
Realized loss (gain) on investments	(7,384)	(2,277)
Unrealized (gain) loss on investments	3,218	(9,138)
Investment expenses deducted from investment account	2,379	2,205
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(5,500)	-
(Increase) decrease in prepaid expense	-	(100)
Increase (decrease) in accounts payable	27,739	1,893
<b>Net cash provided (used) by operating activities</b>	<b>10,070</b>	<b>25,912</b>
 <b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(12,497)	(3,030)
Purchase of investments	(3,545)	(3,069)
<b>Net cash provided (used) by investing activities</b>	<b>(16,042)</b>	<b>(6,099)</b>
 Increase (decrease) in cash and cash equivalents	(5,972)	19,813
 Beginning of year	30,965	11,152
 End of year	<b>\$ 24,993</b>	<b>\$ 30,965</b>
 <b>Schedule of Noncash Investing and Financing Activities</b>		
Reinvested investment earnings	\$ 3,545	\$ 3,069
Investment expenses deducted from account	\$ 2,379	\$ 2,205

See Notes to Financial Statements

**PARALYZED VETERANS OF AMERICA – IOWA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 and 2017**

**Note 1. Nature of Organization and Significant Accounting Policies**

**Nature of organization:**

The Paralyzed Veterans of America – Iowa Chapter (the “Chapter”) is a publicly funded organization, established for the following purposes:

- To aid and assist veterans of the Armed Forces of the United States who have suffered injuries or disease of the spinal cord.
- To publicize the needs of such veterans to effectuate the fulfillment of such needs as far as possible.
- To promote the full participation of the spinal cord injured or diseased into society by carrying out educational programs and by acquainting the public with their needs and problems and by aiding and assisting such constituent associations which may be organized for the same purposes.
- To advocate and foster thorough and continuing medical research in the fields connected with injuries and diseases of the spinal cord, including research in neurosurgery, genitourinary, orthopedics, and prosthetic appliances.
- To advocate and foster a comprehensive and effective reconditioning program for its members, as well as paraplegics, to include a thorough physical reconditioning program; physiotherapy; competent walking instructions; an active sports program; adequate guidance, both vocational and educational; academic and vocational education, both in hospitals and educational institutions; psychological orientations and readjustments to family and friends, and functional and diversional occupational therapy.
- To cooperate and serve as a chapter of the national organization, the Paralyzed Veterans of America (PVA).

The Chapter is supported primarily through a grant from the Paralyzed Veterans of America, private donations, and special events revenue.

**A summary of the organization’s significant accounting policies are as follows:**

**Basis of accounting:**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the standards of accounting and financial reporting for voluntary health and welfare organizations.

**Basis of presentation:**

The Chapter’s financial statements are presented using standards established for external reporting by not-for-profit organizations. Those standards require that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. Net asset categories can be unrestricted, temporarily restricted, or permanently restricted. In addition, the Chapter is required to present a statement of cash flows.

**PARALYZED VETERANS OF AMERICA – IOWA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 and 2017**

**Note 1. Nature of Organization and Significant Accounting Policies (continued)**

**A summary of the organization's significant accounting policies follows (continued):**

**Cash and cash equivalents:**

For financial statement purposes, the Chapter considers checking and savings accounts (excluding custodial accounts) to be cash equivalents.

**Investments:**

Investments in marketable securities with readily determinable fair values, and all investments in debt securities are reported at their fair values in the statement of financial position. The market values of investments are determined based on quoted active market prices using level 1 measurements provided by external investment managers. Unrealized gains and losses are included in the statement of activities.

**Property and equipment:**

Property and equipment are stated at cost, or if donated, at the fair market value at date of donation. Capitalization of equipment purchases is determined on an item-by-item basis. Depreciation is recorded on the straight-line basis over the estimated useful lives. Maintenance and repairs are expensed as incurred, while major renewals and betterments are capitalized.

**Donated services:**

No amounts are recorded for donated services, as no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of time to the organization. Donated services are recognized for those services that improve or enhance property and equipment (as contributions and increases to property and equipment) or for those that require specialized skills (as contributions and expenses). During 2018 and 2017, no contributed services were received which met the criteria stated above.

**Contributions:**

Contributions are recorded as unrestricted revenue when they are received or unconditionally pledged. Gifts of cash or other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions and gifts that are spent for their restricted purpose in the same year as the receipt are reported as unrestricted revenue. Gifts of equipment or other similar assets are reported as unrestricted revenue unless explicit donor stipulations specify how the donated assets must be used.

**PARALYZED VETERANS OF AMERICA – IOWA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 and 2017**

**Note 1. Nature of Organization and Significant Accounting Policies (continued)**

**A summary of the organization's significant accounting policies follows (continued):**

**Functional expense allocations:**

The allocations of expenses shown on the statement of functional expenses were made first by direct assignment of costs to functional categories where a direct relationship exists. Other common expenses have been allocated to separate functional categories based on management's estimate of time spent in each area.

**Use of Estimates:**

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

**Financial Instruments and Credit Risk:**

Financial instruments that potentially subject the Chapter to concentrations of credit risk consist principally of cash and investment securities. The Chapter maintains its cash in various bank deposit accounts at a local financial institution. All cash deposits at financial institutions were fully insured at September 30, 2018 and 2017.

The Chapter has investments in stocks, bonds, and mutual funds and is therefore subject to concentrations of credit risk. Investments are made by an investment manager engaged by the Chapter and are monitored by the Board of Directors in accordance with the Chapter's investment policy. Though the market value of investments is subject to fluctuations based on market conditions, management believes the investment policy is prudent for the long-term welfare of the Chapter.

**Note 2. Description of Program and Supporting Services**

The Membership and Benefits program provides services at no charge to individuals who are veterans of military service and whom have paralysis or impairment caused by a spinal cord injury or disease. This program also sponsors a variety of activities for its members and their families. In addition, the program publishes a newsletter, which discusses current issues of importance to spinal cord injured and handicapped individuals.

Public affairs maintains ongoing advocacy programs to promote special needs of the handicapped, including accessibility of public and private structures to individuals confined to wheelchairs, the advancement of civil rights of all citizens with disabilities, sponsoring of various sports events for the handicapped, and education of the general public as to the needs and care of persons with spinal cord dysfunction.

**PARALYZED VETERANS OF AMERICA – IOWA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 and 2017**

**Note 2. Description of Program and Supporting Services (continued)**

Awards are given for grants for medical and technological research into the treatment of spinal cord injuries and for the development of rehabilitative methods and devices. The Chapter also awards grants to institutions to promote the quality of life for people with spinal cord dysfunction through education and training of the entire health professional team, with the patient/client as the central focus.

General and administrative expenses include the functions necessary to provide coordination and articulation of the Chapter's program strategy; to secure proper administrative functioning of the Board of Directors; to manage the financial and budgetary responsibilities of the Chapter; and to manage meetings and conferences of the Chapter.

Fund-raising activities include publicizing and conducting fund-raising campaigns; maintaining donor lists; and conducting other activities involved with soliciting contributions from individuals, corporations and others.

**Note 3. Investments**

Investments are stated at their fair value based on quoted prices in active markets, using level 1 measurements, with realized and unrealized gains and losses reflected in the statement of activities. Investments at September 30, 2018 and 2017 are summarized as follows:

	2018	
	Cost	Level 1 Fair Value
Money Market	\$ 7,073	\$ 7,073
Fixed Income Securities	28,353	27,301
Domestic Equities	105,660	116,563
	<u>\$ 141,086</u>	<u>\$ 150,937</u>

  

	2017	
	Cost	Level 1 Fair Value
Money Market	\$ 5,302	\$ 5,302
Fixed Income Securities	50,371	55,852
Domestic Equities	76,883	84,450
	<u>\$ 132,556</u>	<u>\$ 145,604</u>

**PARALYZED VETERANS OF AMERICA – IOWA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 and 2017**

**Note 4. Fair Value of Financial Instruments**

Generally accepted accounting principles defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

In accordance with generally accepted accounting principles, the Chapter has categorized its financial instruments based on the priority of the inputs to the valuation technique, into a three level hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall into different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument. The Chapter has financial instruments in Level 1 only.

**Note 5. Property and Equipment**

A summary of changes in property and equipment is as follows:

	Year Ended September 30, 2018			
	Beginning Balance	Additions	Deletions	Ending Balance
Office Furniture & Equipment	\$ 56,986	\$ -	\$ -	\$ 56,986
Building	356,370	-	-	356,370
Sports Equipment	15,403	12,497	-	27,900
	\$ 428,759	\$ 12,497	\$ -	\$ 441,256

	Year Ended September 30, 2017			
	Beginning Balance	Additions	Deletions	Ending Balance
Office Furniture & Equipment	\$ 56,986	\$ -	\$ -	\$ 56,986
Building	356,370	-	-	356,370
Sports Equipment	12,373	3,030	-	15,403
	\$ 425,729	\$ 3,030	\$ -	\$ 428,759

Depreciation expense for the years ended September 30, 2018 and 2017 was \$14,122 and \$14,083 respectively.

**Note 6. Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following at September 30, 2018 and 2017:

	2018	2017
To support the Midwest PVA Fishing Event	\$ 2,312	\$ -

**PARALYZED VETERANS OF AMERICA – IOWA CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018 and 2017**

**Note 7. Income Taxes**

The Chapter is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code pursuant to a group exemption under the Paralyzed Veterans of America, and contributions are tax deductible to donors under Section 170 (c)(3) of the Internal Revenue Code. The Chapter annually files a Federal return as an exempt organization citing Internal Revenue Exemption Letter dated March 17, 1998. The Chapter is subject to federal and state income taxes to the extent it has unrelated business income. In accordance with the accounting guidance for uncertainty in income taxes, management has evaluated their material tax positions and determined that there are no income tax effects with respect to the financial statements. The Chapter is no longer subject to U.S. federal income tax examinations by tax authorities on filed returns for fiscal years ending prior to September 30, 2016.

**Note 8. Related Party Transactions and Major Funding Source**

The Chapter receives a yearly operating grant from the Paralyzed Veterans of America. Total grant dollars received during the fiscal years ended September 30, 2018 and 2017, were \$154,147 and \$158,084 respectively. This grant represents a major funding source accounting for 64% and 72% of total revenues for 2018 and 2017, respectively.

The Chapter also received grants from the Paralyzed Veterans of America for support of its trapshoot and fishing events. Total grants received for these events for the fiscal years ended September 30, 2018 and 2017 were \$6,000 and \$0 respectively.

The Chapter paid \$4,500 and \$4,500 to the Paralyzed Veterans of America in support of medical research in each of the years ended September 30, 2018 and 2017, respectively.

**Note 9. Cash and Cash Equivalents**

The Chapter's cash and cash equivalents consisted of the following at September 30, 2018 and 2017:

	2018	2017
General checking	\$ 16,854	\$ 19,141
Checking - special events	2,312	-
Savings accounts	5,827	11,821
	\$ 24,993	\$ 30,965

**Note 10. Subsequent Events**

An evaluation was performed of the Chapter's subsequent events occurring after the fiscal year-end through December 10, 2018. This date represents the date the financial statements were available to be issued.