

**PARALYZED VETERANS OF
AMERICA - IOWA CHAPTER**

**AUDITED
FINANCIAL STATEMENTS**

September 30, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016, 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

November 13, 2017

PARALYZED VETERANS OF AMERICA - IOWA CHAPTER
STATEMENTS OF FINANCIAL POSITION
September 30, 2017 and 2016

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 30,965	\$ 11,152
Investments	145,604	133,325
Prepaid expense	2,497	2,397
Total current assets	<u>179,066</u>	<u>146,874</u>
 PROPERTY AND EQUIPMENT		
Fixed assets less accumulated depreciation of \$74,395 in 2017 and \$60,312 in 2016	<u>354,364</u>	<u>365,417</u>
 CUSTODIAL FUNDS	<u>17,421</u>	<u>18,765</u>
 TOTAL ASSETS	<u><u>\$ 550,851</u></u>	<u><u>\$ 531,056</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 4,552	\$ 2,659
Total current liabilities	<u>4,552</u>	<u>2,659</u>
 LONG-TERM LIABILITIES		
Custodial funds	<u>17,421</u>	<u>18,765</u>
	<u>17,421</u>	<u>18,765</u>
 TOTAL LIABILITIES	<u>21,973</u>	<u>21,424</u>
 NET ASSETS		
Unrestricted	<u>528,878</u>	<u>509,632</u>
Total net assets	<u>528,878</u>	<u>509,632</u>
 TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 550,851</u></u>	<u><u>\$ 531,056</u></u>

See Notes to Financial Statements

PARALYZED VETERANS OF AMERICA - IOWA CHAPTER
STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Changes in net assets:		
Revenues, gains, and support:		
Support:		
PVA Grant	\$ 158,084	\$ 158,078
Fundraising	3,415	2,145
Contributions	34,864	35,304
Special Events	7,029	37,987
Membership dues	-	-
	<u>203,392</u>	<u>233,514</u>
Revenues and gains:		
Publication income	600	700
Rental income	1,300	1,920
Investment income	3,069	2,995
Realized (loss) gain on investments	2,277	(1,408)
Unrealized gain (loss) on investments	9,138	11,707
Other	837	1,391
	<u>17,221</u>	<u>17,305</u>
Total revenues, gains, and support	<u>220,613</u>	<u>250,819</u>
EXPENSES		
Program services:		
Membership and benefits	100,767	105,051
Public affairs	64,432	105,431
Research	5,645	7,746
Total program services	<u>170,844</u>	<u>218,228</u>
Support services:		
General and administrative	27,740	27,663
Fund raising	2,783	2,045
Total support services	<u>30,523</u>	<u>29,708</u>
Total expenses	<u>201,367</u>	<u>247,936</u>
Increase (decrease) in net assets	19,246	2,883
Unrestricted net assets, beginning	<u>509,632</u>	<u>506,749</u>
Unrestricted net assets, ending	<u>\$ 528,878</u>	<u>\$ 509,632</u>

See Notes to Financial Statements

PARALYZED VETERANS OF AMERICA - IOWA CHAPTER
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended September 30, 2017 and 2016

	2017				2016			
	Program Services			Total	Support Services			Grand Total
	Membership and Benefits	Public Affairs	Research		General and Administrative	Fund Raising	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	2,090	1,672	-	3,762	2,205	-	2,205	2,205
Other	7,042	5,633	-	12,675	667	-	667	4,429
Depreciation	-	-	-	-	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

	2017				2016			
	Program Services			Total	Support Services			Grand Total
	Membership and Benefits	Public Affairs	Research		General and Administrative	Fund Raising	Total	
Compensation	\$ 54,420	\$ 16,745	\$ -	\$ 71,165	\$ 12,558	\$ -	\$ 12,558	\$ 83,723
Professional and consulting	1,593	1,062	-	2,655	2,655	-	2,655	5,310
Occupancy	10,270	8,216	-	18,486	2,054	-	2,054	20,540
Office supplies and expenses	12,805	3,204	-	16,009	4,693	-	4,693	20,702
Postage	1,914	-	-	1,914	213	-	213	2,127
Printing, publications, and promotions	391	-	-	391	-	-	-	391
Dues and subscriptions	791	198	-	989	-	-	-	989
Conferences, meetings, and travel	13,603	60,368	-	73,971	1,418	2,045	3,463	77,434
Awards and grants	-	8,224	7,606	15,830	-	-	-	15,830
Investment expenses	2,277	1,824	140	4,241	2,039	-	2,039	2,039
Other	6,987	5,590	-	12,577	636	-	636	4,877
Depreciation	-	-	-	-	1,397	-	1,397	13,974
Total functional expenses	\$ 105,051	\$ 105,431	\$ 7,746	\$ 218,228	\$ 27,663	\$ 2,045	\$ 29,708	\$ 247,936

PARALYZED VETERANS OF AMERICA - IOWA CHAPTER
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2017 and 2016

	2017	2016
Cash Flows From Operating Activities		
Change in net assets	\$ 19,246	\$ 2,883
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	14,083	13,974
Realized loss (gain) on investments	(2,277)	1,408
Unrealized (gain) loss on investments	(9,138)	(11,707)
Realized loss on sale of assets	-	-
Non cash donation	-	(9,000)
Investment expenses deducted from investment account	2,205	2,038
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	-	3,125
(Increase) decrease in prepaid expense	(100)	7,720
Increase (decrease) in accounts payable	1,893	(2,867)
Net cash provided (used) by operating activities	25,912	7,574
Cash Flows From Investing Activities		
Purchase of property and equipment	(3,030)	-
Purchase of investments	(3,069)	(2,995)
Net cash provided (used) by investing activities	(6,099)	(2,995)
Cash Flows From Financing Activities		
Principal payments on capital lease obligation	-	(2,569)
Net cash provided (used) by financing activities	-	(2,569)
 Increase (decrease) in cash and cash equivalents	 19,813	 2,010
 Beginning of year	 11,152	 9,142
 End of year	 \$ 30,965	 \$ 11,152
 Schedule of Noncash Investing and Financing Activities		
Reinvested investment earnings	\$ 3,069	\$ 2,995
Investment expenses deducted from account	\$ 2,205	\$ 2,038
Donated equipment	\$ -	\$ 9,000

See Notes to Financial Statements

**PARALYZED VETERANS OF AMERICA – IOWA CHAPTER
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016**

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, 2017 and 2016

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 2017 and 2016, 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, 2017 and 2016

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, 2017 and 2016.

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, 2017 and 2016

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, 2017 and 2016 are summarized as follows:

	2017	
	Cost	Fair Value
Money Market	\$ 5,302	\$ 5,824
Fixed Income Securities	50,371	55,330
Domestic Equities	76,883	84,450
	<u>\$ 132,556</u>	<u>\$ 145,604</u>

	2016	
	Cost	Fair Value
Money Market	\$ 8,240	\$ 8,240
Fixed Income Securities	42,039	42,867
Domestic Equities	79,171	82,218
	<u>\$ 129,450</u>	<u>\$ 133,325</u>

PARALYZED VETERANS OF AMERICA – IOWA CHAPTER
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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, 2017			
	Beginning			Ending
	Balance	Additions	Deletions	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
	Year Ended September 30, 2016			
	Beginning			Ending
	Balance	Additions	Deletions	Balance
Office Furniture & Equipment	\$ 56,986	\$ -	\$ -	\$ 56,986
Building	356,370	-	-	356,370
Sports Equipment	3,373	9,000	-	12,373
	\$416,729	\$ 9,000	\$ -	\$425,729

Depreciation expense for the years ended September 30, 2017 and 2016 was \$14,083 and \$13,974 respectively.

PARALYZED VETERANS OF AMERICA – IOWA CHAPTER
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

Note 6. 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, 2015.

Note 7. Capital Leases

Equipment under capital lease at September 30, 2016 consisted of one copier with a capitalized cost of \$12,444, accumulated depreciation of \$6,222 and related depreciation expense of \$1,778. These amounts are included in the statement of financial position and statement of activities for the year ended September 30, 2016. The lease ended April 30, 2016 and the copier was purchased at the \$1 bargain purchase option price by the Chapter.

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, 2017 and 2016, were \$158,084 and \$158,078 respectively. This grant represents a major funding source accounting for 72% and 63% of total revenues for 2017 and 2016, 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, 2017 and 2016 were \$0 and \$26,000 respectively.

The Chapter paid \$4,500 and \$6,000 to the Paralyzed Veterans of America in support of medical research in each of the years ended September 30, 2017 and 2016, respectively.

Note 9. Cash and Cash Equivalents

The Chapter's cash and cash equivalents consisted of the following at September 30, 2017 and 2016:

	2017	2016
General checking	\$ 19,141	\$ 1,142
Checking - special events	-	3,181
Savings accounts	11,824	6,829
	\$ 30,965	\$ 11,152

PARALYZED VETERANS OF AMERICA – IOWA CHAPTER
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

Note 10. Subsequent Events

An evaluation was performed of the Chapter's subsequent events occurring after the fiscal year-end through November 13, 2017. This date represents the date the financial statements were available to be issued.