



AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(With Comparative Financial Information for
the Year Ended September 30, 2018)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Paralyzed Veterans of America – Buckeye Chapter, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Paralyzed Veterans of America – Buckeye Chapter, Inc. (a nonprofit Chapter), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 – Buckeye Chapter, Inc. as of September 30, 2019 and the 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.

Report on Summarized Comparative Information

We previously audited Paralyzed Veterans of America – Buckeye Chapter, Inc. 2018 financial statements, and our report dated January 14, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cleveland, Ohio
January 16, 2020

H&J
Certified Public Accountants



PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

| | <u>2019</u> | <u>2018</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash & Cash Equivalents | \$ 48,793 | \$ 51,844 |
| Prepaid Expenses | <u>2,000</u> | <u>2,965</u> |
| | 50,793 | 54,809 |
| OTHER ASSETS: | | |
| Investments | <u>1,518,330</u> | <u>1,612,140</u> |
| TOTAL ASSETS | <u><u>\$ 1,569,123</u></u> | <u><u>\$ 1,666,949</u></u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 13,896 | \$ 15,112 |
| NET ASSETS: | | |
| Without Donor Restrictions | 1,553,039 | 1,649,151 |
| With Donor Restrictions | <u>2,188</u> | <u>2,686</u> |
| | <u>1,555,227</u> | <u>1,651,837</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 1,569,123</u></u> | <u><u>\$ 1,666,949</u></u> |

See accompanying notes.

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

STATEMENTS OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

| | WITH DONOR RESTRICTIONS | WITHOUT DONOR RESTRICTIONS | 2019 | 2018 |
|---|----------------------------|-------------------------------|---------------------|---------------------|
| REVENUE | | | | |
| National Paralyzed VOA Grants | \$ - | \$ 144,790 | \$ 144,790 | \$ 154,148 |
| Individuals & Corporations | 13,000 | 41,670 | 54,670 | 85,330 |
| Donated Occupancy | - | 18,000 | 18,000 | 18,000 |
| Athletic Events | - | 8,561 | 8,561 | 9,641 |
| Special Events, Net | - | 8,487 | 8,487 | 10,578 |
| Miscellaneous | - | 126 | 126 | 440 |
| Investment Income | - | 11 | 11 | 28 |
| Foundations and Other | - | - | - | 3,500 |
| Net Assets Released from Restrictions | (13,498) | 13,498 | - | - |
| TOTAL REVENUE | (498) | 235,143 | 234,645 | 281,665 |
| EXPENSES | | | | |
| Program Services | | | | |
| Membership & Benefits | - | 124,165 | 124,165 | 140,645 |
| Public Affairs - Chapter | - | 180,975 | 180,975 | 151,536 |
| Public Affairs - NVWG | - | - | - | 14,673 |
| Research | - | 1,500 | 1,500 | 1,500 |
| Total Program Services | - | 306,640 | 306,640 | 308,354 |
| Supporting Services | | | | |
| Management & General | - | 29,755 | 29,755 | 25,552 |
| Fund Raising | - | 11,050 | 11,050 | 12,474 |
| Total Supporting Services | - | 40,805 | 40,805 | 38,026 |
| TOTAL EXPENSES | - | 347,445 | 347,445 | 346,380 |
| CHANGE IN NET ASSETS FROM OPERATIONS | (498) | (112,302) | (112,800) | (64,715) |
| INVESTMENT INCOME | - | 16,190 | 16,190 | 108,479 |
| CHANGE IN NET ASSETS | (498) | (96,112) | (96,610) | 43,764 |
| NET ASSETS – Beginning | 2,686 | 1,649,151 | 1,651,837 | 1,608,073 |
| NET ASSETS – Ending | \$ 2,188 | \$ 1,553,039 | \$ 1,555,227 | \$ 1,651,837 |

See accompanying notes.

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

| | Membership & Benefit | Public Affairs | Research | Total | General & Administrative | Fund Raising | Total | 2019 | 2018 |
|------------------------------------|-------------------------|-------------------|-----------------|-------------------|-----------------------------|------------------|------------------|-------------------|-------------------|
| EXPENSES | | | | | | | | | |
| Salaries | \$ 41,056 | \$ 41,056 | \$ - | \$ 82,112 | \$ 5,771 | \$ 5,770 | \$ 11,541 | \$ 93,653 | \$ 91,004 |
| Payroll Taxes | 3,525 | 3,525 | - | 7,050 | 495 | 495 | 990 | 8,040 | 8,195 |
| Employee Benefits | 1,811 | 1,811 | - | 3,622 | 254 | 255 | 509 | 4,131 | 3,972 |
| | <u>46,392</u> | <u>46,392</u> | <u>-</u> | <u>92,784</u> | <u>6,520</u> | <u>6,520</u> | <u>13,040</u> | <u>105,824</u> | <u>103,171</u> |
| Awards & Grants | 26,093 | 57,608 | 1,500 | 85,201 | 274 | 195 | 469 | 85,670 | 72,843 |
| Occupancy | 31,144 | 20,488 | - | 51,632 | 1,296 | 331 | 1,627 | 53,259 | 50,050 |
| Conferences, Meeting, & Travel | 5,109 | 44,878 | - | 49,987 | 532 | 601 | 1,133 | 51,120 | 67,724 |
| Professional & Consulting | - | 5,255 | - | 5,255 | 15,065 | - | 15,065 | 20,320 | 12,743 |
| Newsletter | 14,837 | - | - | 14,837 | - | - | - | 14,837 | 18,641 |
| Printing, Publications & Promotion | 399 | 4,892 | - | 5,291 | 681 | 1,217 | 1,898 | 7,189 | 10,827 |
| Office Supplies & Expense | 191 | 262 | - | 453 | 3,672 | 460 | 4,132 | 4,585 | 6,417 |
| Contracted Services | - | 1,000 | - | 1,000 | 90 | 1,326 | 1,416 | 2,416 | 1,775 |
| Dues & Subscriptions | - | 200 | - | 200 | 1,625 | 400 | 2,025 | 2,225 | 2,189 |
| Events | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENSES | <u>\$ 124,165</u> | <u>\$ 180,975</u> | <u>\$ 1,500</u> | <u>\$ 306,640</u> | <u>\$ 29,755</u> | <u>\$ 11,050</u> | <u>\$ 40,805</u> | <u>\$ 347,445</u> | <u>\$ 346,380</u> |

See accompanying notes.

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

STATEMENTS OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

| | <u>2019</u> | <u>2018</u> |
|--|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in Net Assets | \$ (96,610) | \$ 43,764 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities: | | |
| Unrealized Loss (Gain) on Investments | 26,070 | (32,629) |
| Reinvested Investment Income | (42,260) | (75,850) |
| Impact on Cash from Changes in: | | |
| Prepaid Expenses | 965 | 10,833 |
| Accounts Payable | (1,216) | 14,119 |
| Accrued Payroll-Related | - | - |
| Total Adjustments | <u>(16,441)</u> | <u>(83,527)</u> |
| Cash Used by Operating Activities | (113,051) | (39,763) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Net Proceeds from Sale of Investments | <u>110,000</u> | - |
| Cash Provided by Investing Activities | <u>110,000</u> | - |
| NET DECREASE IN CASH & CASH EQUIVALENTS | (3,051) | (39,763) |
| CASH & CASH EQUIVALENTS - BEGINNING OF YEAR | <u>51,844</u> | <u>91,607</u> |
| CASH & CASH EQUIVALENTS - AT END OF YEAR | <u>\$ 48,793</u> | <u>\$ 51,844</u> |

See accompanying notes.

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

NATURE OF OPERATIONS AND MISSION STATEMENT

The Paralyzed Veterans of America, Inc. - Buckeye Chapter (the Chapter) was incorporated in 1972 in the State of Ohio and is an affiliated member of the Paralyzed Veterans of America (the National Chapter) located in Washington, DC and must adhere to certain rules, regulations, and guidelines as set forth by the National Chapter in fulfilling their purposes.

The mission of the Chapter is to strive to improve the quality of life of honorably discharged veterans who have spinal cord injury, dysfunction, or illness including but not limited to multiple sclerosis and ALS (Lou Gehrig's disease) through advocacy, medical research, sports and recreation, education, and communication.

The Chapter has developed a unique expertise on a wide variety of issues involving the special needs of our members – veterans of the armed forces who have experienced spinal cord injury or dysfunction.

The Chapter will use that expertise to be the leading advocate for:

- Quality health care for our members
- Research and education addressing spinal cord injury and dysfunction
- Benefits available as a result of our members' military service
- Civil rights and opportunities which maximize the independence of our members

To enable the Chapter to continue to honor this commitment, we must recruit and train members who have the experience, energy, dedication, and passion necessary to manage the Chapter and ensure adequate resources to sustain the programs essential for the Chapter to achieve its mission.

The Chapter is a Better Business Bureau-accredited charity, meeting all 20 "Standards of Charity Accountability". The Chapter has also earned a GuideStar Gold Seal of Transparency.

The Chapter's website address is www.buckeyepva.org.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the Chapter have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2017, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-For-Profit Chapters" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of The Chapter and changes therein are classified as follows:

Net assets without donor restrictions: Net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of The Chapter. The Chapter's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of The Chapter or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

COMPARATIVE TOTALS

The financial statements include certain prior year summarized comparative in total but not by class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such amounts should be read in conjunction with the Chapter's financial statements for the year ended August 31, 2018, from which the comparative total amounts were derived.

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

CASH FLOWS

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and amounts on deposit that can be withdrawn on demand or mature within three months.

CONCENTRATIONS

At times during the year, cash balances may exceed the related amount of federal depository insurance. At June 30, 2019, the Chapter was fully insured. The Chapter has not experienced any losses on these accounts.

The Chapter received a significant portion of its annual revenue from the Paralyzed Veterans of America (PVA), under which the Chapter is chartered and required to comply with administrative and other rules. In 2019 and 2018, the Chapter received grants amounting to \$144,790 (62% of total revenue from operations) and \$154,148 (55% of total revenue from operations), respectively. A reduction in the amount of revenue provided by PVA would have a significant impact on the Chapter's ability to carry out its activities at current levels. Funding by PVA for 2019 has been pledged at the same level as in 2020 (grant cycle runs July to June).

The Chapter also invests funds in a professionally managed portfolio that contains various securities detailed in Note 2. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. The investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

RECEIVABLES

Accounts and grants receivable are stated at the amount management expects to collect. Management provides for uncollectible accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value amounts for specific groups of financial instruments are presented within the notes applicable to such items. Cash and cash equivalents, receivables, and accounts payable are stated at cost, which approximates fair value, due to their short term maturity.

FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs).

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

The Chapter groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair value. The cost assigned to investments received by gift is the fair value at the date the gift is received. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average historical value (cost of securities if purchased or the fair market value at the date of gift if received by donation). Dividend and interest income is recorded on the accrual basis. In accordance with the policy of stating investments at fair value, the net change in unrealized appreciation or depreciation for the year is reflected in the Statement of Activities.

The various investments in stocks, securities, mutual funds, and other investments are exposed to a variety of uncertainties, including interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these instruments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the Chapter.

FIXED ASSETS

The Chapter uses the straight-line method of depreciating fixed assets over the estimated useful lives ranging from five to ten years. The policy of the Chapter is to capitalize purchases over \$5,000. Depreciation expense was \$-0- for 2019 and 2018. Routine repairs and maintenance are expensed as incurred.

SUPPORT AND REVENUE

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

CONTRIBUTED GOODS AND SERVICES

Contributed goods and services are reflected as both contribution revenue and expenses if they meet the criteria defined in accordance with GAAP, "Accounting for Contributions," in the accompanying statement of activities at their estimated fair value at date of receipt. The contributions of services are recognized if (a) the services received create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those assets and would typically need to be purchased if not provided.

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

The Chapter recognized donated occupancy in the amount of \$18,000 for 2019 and 2018 of which an amount of \$6,000 and has been recognized as a "public affairs" program occupancy expense, representing office space provided at the Veterans Administration Hospital (Cleveland, Ohio). The balance of donated occupancy is derived from the terms of the Chapter's office lease and has been allocated functionally based on the programs or support services benefited.

In addition, the Chapter receives services from a large number of volunteers who give significant amounts of their time to the Chapter's programs, fund raising campaigns, and management. No amounts have been reflected for these types of donated services as they do not meet the criteria for recognition.

FUNCTIONAL EXPENSE ALLOCATIONS

Expenses are charged to functional areas based on specific identification when possible. Expenses that cannot be specifically identified to a function are allocated to the functional areas based on factors such as direct relationship of expenses, time spent by employees, and square footage of space used for various programs.

ADVERTISING

Advertising costs are charged to operations in the period in which the advertisement is placed. Advertising expense was nominal in 2019 and 2018.

INCOME TAX STATUS

The Chapter is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") as a charitable Chapter whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Chapter currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

The Chapter's policy is to record a liability for any tax position taken that is beneficial to the Chapter, including penalties and interest, when it is more likely than not the position taken will be overturned by a taxing authority upon examination. Management believes there are no such positions as of August 31, 2019 and, accordingly, no liability has been accrued.

ACCOUNTING GUIDANCE ADOPTED IN 2019

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Chapter has adjusted the presentation of the financial statements and footnotes accordingly. The ASU has been applied retrospectively to all periods presented.

ACCOUNTING GUIDANCE PENDING ADOPTION

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance, and requires significantly expanded disclosures about revenue recognition. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU, as deferred one year by ASU No. 2016-04, is effective for annual reporting periods beginning after December 15, 2018. The Chapter is currently evaluating the impact on the financial statements and the options of adopting using either a full retrospective or a modified approach.

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

In February 2016, the FASB issued ASU 2016-02, *Leases*. This ASU requires lessees to recognize assets and liabilities on the balance sheet for leases with lease terms greater than twelve months. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. This amends current guidance that requires only capital leases to be recognized on the lessee balance sheet. ASU 2016-02 will also require additional disclosures on the amount, timing and uncertainty of cash flows arising from leases. The guidance is effective for the Chapter for reporting periods beginning after December 15, 2020 with early adoption permitted. The Chapter is currently evaluating the impact that ASU 2016-02 will have on its financial statements and will adopt the provisions upon the effective date.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update clarify and improve current guidance about whether a transfer of assets is a contribution or an exchange transaction. In addition, an entity is required to determine whether a contribution is conditional on the basis of whether the agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. For resource recipients, this new standard is effective for annual periods beginning after December 15, 2018. For resource providers, this new standard is effective for annual periods beginning after December 15, 2019. Management is currently evaluating the impact this statement will have on its consolidated financial statements.

SUBSEQUENT EVENTS

In preparing these financial statements, the Chapter has evaluated events and transactions for potential recognition or disclosure through January 16, 2020, the date the financial statements were available to be issued.

2. INVESTMENTS

The Chapter carries investments at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

The fair value of investment assets, measured on a recurring basis at September 30 are as follows:

| | Fair Value Measurements Using: | | | Total |
|------------------------|--|---|---|---------------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| At September 30, 2019: | | | | |
| Equities | \$ 1,053,359 | \$ - | \$ - | \$ 1,053,359 |
| Mutual Funds | 341,192 | - | - | 341,192 |
| Fixed Income | 100,026 | - | - | 100,026 |
| Cash Equivalents | 23,753 | - | - | 23,753 |
| | <u>\$ 1,518,330</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,518,330</u> |
| | | | | |
| | Fair Value Measurements Using: | | | Total |
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| At September 30, 2018: | | | | |
| Equities | \$ 1,067,500 | \$ - | \$ - | \$ 1,067,500 |
| Mutual Funds | 327,615 | - | - | 327,615 |
| Fixed Income | 174,731 | - | - | 174,731 |
| Cash Equivalents | 42,294 | - | - | 42,294 |
| | <u>\$ 1,612,140</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,612,140</u> |

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

Investments consisted of the following at September 30:

| | 2019 | | |
|------------------|---------------------|---------------------|--|
| | Cost | Fair Value | Unrealized Appreciation (Depreciation) |
| Equities | \$ 793,365 | \$ 1,053,359 | \$ 259,994 |
| Mutual Funds | 359,828 | 341,192 | (18,636) |
| Fixed Income | 100,074 | 100,026 | (48) |
| Cash Equivalents | 23,753 | 23,753 | - |
| | <u>\$ 1,277,020</u> | <u>\$ 1,518,330</u> | <u>\$ 241,310</u> |
| | 2018 | | |
| | Cost | Fair Value | Unrealized Appreciation (Depreciation) |
| Equities | \$ 775,819 | \$ 1,067,500 | \$ 291,681 |
| Mutual Funds | 350,678 | 327,615 | (23,063) |
| Fixed Income | 174,680 | 174,731 | 51 |
| Cash Equivalents | 42,294 | 42,294 | - |
| | <u>\$ 1,343,471</u> | <u>\$ 1,612,140</u> | <u>\$ 268,669</u> |

The following schedule summarizes the investment return in the Statement of Activities for the years ended September 30:

| | 2019 | 2018 |
|----------------------------|------------------|-------------------|
| Net Unrealized Gain (Loss) | \$ (26,070) | \$ 70,850 |
| Interest & Dividend Income | 42,260 | 37,629 |
| | <u>\$ 16,190</u> | <u>\$ 108,479</u> |

Investment expense for the years ended September 30, 2019 and 2018 was \$-0-.

3. RETIREMENT EXPENSE

The Chapter has a contributory retirement plan, with a required 3% of wages contribution for all participating employees and a matching contribution of up to 3% of the employee's contribution. Retirement plan expense amounted to \$4,131 (2019) and \$3,972 (2018).

4. OPERATING LEASE COMMITMENTS

The Chapter leases office space under an operating lease expiring on October 31, 2024. The base rent for the office space is \$2,900, or \$34,800 per year. An in-kind donation of \$1,000 per month, for the duration of this lease, is included in the contract and is reflected on the Statement of Activities as an in-kind donation. The value of the donation is management's estimate of the difference between the actual rent paid and the fair market value of rental space within the multi-office facility where the Chapter is a tenant.

The Chapter also leases office equipment at approximately \$200 per month, expiring in December 2023.

As of September 30, 2019, future minimum rental payments due under the terms of the operating lease agreements, net of any in-kind donation are as follows:

| | |
|------------|-------------------|
| 2020 | \$ 24,900 |
| 2021 | 24,900 |
| 2022 | 24,900 |
| 2023 | 24,900 |
| 2024 | 24,400 |
| Thereafter | <u>1,900</u> |
| | <u>\$ 125,900</u> |

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

For the years ended September 30, rent expense, including the in-kind donation, is approximately \$43,000 and \$52,000 in each of the years 2019 and 2018.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30 amount to \$2,188 (2019) and \$2,686 (2018) restricted for the Chapter's Food Coupon program.

6. SPECIAL EVENTS

Major fundraising activities are as follows:

| | 2019 | 2018 |
|-----------------------------|-----------------|------------------|
| Gross Income | \$ 23,212 | \$ 21,653 |
| Less: Direct Donor Benefits | 14,725 | 11,075 |
| Net Special Events | <u>\$ 8,487</u> | <u>\$ 10,578</u> |

7. DESCRIPTION OF PROGRAM SERVICES

The following program services are included in the accompanying financial statements:

- Veterans benefits
- Wheelchair sports & recreation
- Spinal cord injury research
- Advocacy to eliminate architectural barriers and protect civil rights for persons with disabilities
- Referral services for assistive devices, housing, employment, and transportation
- Literature on a variety of topics, including self-care, independent living and disability rights

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8. AVAILABILITY AND LIQUIDITY

The following represents the Chapter's financial assets available to meet general expenditures over the next twelve months:

| | |
|--|----------------------------|
| Financial Assets at Year-End: | |
| Cash & Cash Equivalents | \$ 48,793 |
| Investments | <u>1,518,330</u> |
| Total Financial Assets | 1,567,123 |
| Less Amounts not Available to be Used Within One Year: | |
| Net Assets with Donor Restrictions - Cash | <u>2,188</u> |
| | <u>2,188</u> |
| Financial Assets Available to Meet General Expenditures Over the Next Twelve Months | <u><u>\$ 1,569,311</u></u> |

The Chapter is substantially supported by contributions and depends on contributions without restrictions to meet its ongoing obligations. As part of the Chapter's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Chapter invests cash in excess of daily requirements in short-term investments.

Additionally, the Chapter has net assets without donor restrictions that have been segregated into short-term investments as an operating reserve should its major funder at some point cease contributions. While the Chapter does not intend to spend for these purposes other than those identified, investments could be made available for current operations, if necessary.