

Paralyzed Veterans of America - Wisconsin Chapter Inc.

Audited Financial Statements

For the years ended September 30, 2017 and 2016

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Paralyzed Veterans of America - Wisconsin Chapter Inc.

Financial Statements  
For the years ended September 30, 2017 and 2016

Table of Contents

INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Activities and Net Assets	5
Statement of Cash Flows	6
Statement of Functional Expenses	7
Notes to Financial Statements	8 - 12

## **Independent Auditor's Report**

Board of Directors  
Paralyzed Veterans of America - Wisconsin Chapter Inc.  
Milwaukee, Wisconsin 53202

### **Report on the Financial Statements**

I have audited the accompanying financial statements of Paralyzed Veterans of America - Wisconsin Chapter Inc., which comprise the statement of financial position as of September 30, 2017, and the related statements of activities and net assets and cash flows for the year then ended, the related statement of functional expenses for the year ended September 30, 2017, 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**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Paralyzed Veterans of America - Wisconsin Chapter Inc. as of September 30, 2017, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Prior Period Financial Statements**

The statement of financial position as of September 30, 2016, and the related statements of activities and net assets and cash flows for the year then ended and the related statement of functional expenses for the year ended September 30, 2016 was audited by another by other auditors whose report dated January 3, 2017 expressed an unmodified opinion on those financial statements.

*Bruce Michael Redlin, CPA, LLC*

Bruce Michael Redlin, CPA, LLC  
Certified Public Accountant  
West Allis, Wisconsin  
December 4, 2017

Paralyzed Veterans of America - Wisconsin Chapter Inc.  
Statement of Financial Position  
For the years ended September 30, 2017 and 2016

	Assets	
	2017	2016
<b>Current Assets</b>		
Cash and Equivalents	\$ 82,746	\$ 96,160
Other Receivables and Prepaid Expenses	4,807	4,849
<b>Total Current Assets</b>	87,553	101,009
<b>Property and Equipment</b>		
Land	103,900	103,900
Building and Improvements	204,794	204,794
Office Furniture and Equipment	51,175	51,175
<b>Total Property and Equipment</b>	359,869	359,869
Less: Accumulated Depreciation	(154,349)	(145,637)
<b>Net Property and Equipment</b>	205,520	214,232
<b>Investments</b>	328,235	193,501
<b>Rental Land and Building, at Cost Less</b>		
Accumulated Depreciation	249,869	258,128
<b>Total Assets</b>	\$ 871,177	\$ 766,870
	<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>		
Accounts Payable	\$ 1,170	\$ 1,252
Accrued Liabilities	20,883	18,277
<b>Total Current Liabilities</b>	22,053	19,529
<b>Net Assets</b>		
Unrestricted - General	749,446	674,140
Unrestricted - Board Designated	99,678	33,289
Total Unrestricted Net Assets	849,124	707,429
Temporarily Restricted Net Assets	-	39,912
<b>Total Net Assets</b>	849,124	747,341
<b>Total Liabilities and Net Assets</b>	\$ 871,177	\$ 766,870

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

Paralyzed Veterans of America - Wisconsin Chapter Inc.  
Statement of Activities and Net Assets  
For the years ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Unrestricted Net Assets</b>		
Support and Revenue		
Fundraising and Contributions	\$ 136,394	\$ 36,593
PVA Grant	158,100	158,100
Event Registration Fees	8,100	8,343
Donated Goods and Services	-	9,548
Special Event Fundraising	-	3,000
Investment Income	35,004	16,599
Net Rental Income	9,811	26,866
Other Income	<u>3,776</u>	<u>3,002</u>
 Total Unrestricted Support and Revenue Before Net Assets Released for Restrictions	 351,185	 262,051
 Net Assets Released from Restrictions	 <u>39,912</u>	 <u>68,984</u>
 Total Unrestricted Support and Revenue	 391,097	 331,035
 Expenses		
Program Services		
Membership and Benefits	65,786	102,090
Public Affairs	108,566	168,964
Research and Education	<u>32,089</u>	<u>22,945</u>
 Total Program Services	 206,441	 293,999
Management and General	21,457	24,060
Fundraising	<u>21,504</u>	<u>37,562</u>
 Total Expenses	 <u>249,402</u>	 <u>355,621</u>
 <b>Change in Unrestricted Net Assets</b>	 141,695	 (24,586)
 <b>Temporarily Restricted Net Assets</b>		
Fundraising and Contributions	-	75,852
Net Assets Released from Restrictions	<u>(39,912)</u>	<u>(68,984)</u>
 <b>Change in Temporarily Restricted Net Assets</b>	 <u>(39,912)</u>	 <u>6,868</u>
 <b>Change in Net Assets</b>	 101,783	 (17,718)
 <b>Net Assets</b>		
Beginning of Year	<u>747,341</u>	<u>765,059</u>
 End of Year	 <u>\$ 849,124</u>	 <u>\$ 747,341</u>

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

Paralyzed Veterans of America - Wisconsin Chapter Inc.  
Statement of Cash Flows  
For the years ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Changes in Net Assets	\$ 101,783	\$ (17,718)
Add (deduct):		
Depreciation	16,972	16,972
Realized (Gain) Loss on Investments	(14,274)	8,764
Unrealized (Appreciation) Depreciation of Investments	(17,262)	(20,403)
Increase or (Decrease) in Cash and Cash Equivalents Due to Changes in		
Other Receivables and Prepaid Expenses	42	11,657
Accounts Payable	(82)	(2,255)
Accrued Liabilities	<u>2,605</u>	<u>(8,311)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>89,784</u>	<u>(11,294)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of Property and Equipment	-	(8,715)
Purchases of Investments	(103,198)	(152,832)
Proceeds from Sales of Investments	<u>-</u>	<u>149,523</u>
<b>Net Cash Flow from Investing Activities</b>	<u>(103,198)</u>	<u>(12,024)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(13,414)	(23,318)
<b>Cash and Cash Equivalents</b>		
Beginning of the Year	<u>96,160</u>	<u>119,478</u>
End of the Year	<u>\$ 82,746</u>	<u>\$ 96,160</u>

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

**PARALYZED VETERANS OF AMERICA - WISCONSIN CHAPTER INC**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

(With Summarized Totals for the Year Ended September 30, 2016)

	<b>PROGRAM SERVICES</b>				<b>SUPPORTING SERVICES</b>		<b>2017 Totals</b>	<b>2016 Totals</b>
	<b>Membership and Benefits</b>	<b>Public Affairs</b>	<b>Research and Education</b>	<b>Total</b>	<b>Management and General</b>	<b>Fundraising</b>		
Compensation, Taxes and Benefits	\$ 20,729	\$ 13,819	\$ 13,819	\$ 48,367	\$ 6,916	\$ 6,910	\$ 62,193	133,866
Professional and Consulting	12,265	8,177	8,177	28,619	4,092	4,088	36,799	12,573
Occupancy	4,878	3,282	1,626	9,786	1,626	1,626	13,038	24,513
Office Supplies and Expenses	6,856	3,176	1,891	11,923	1,683	2,236	15,842	15,569
Postage and Shipping	1,881	356	11	2,248	177	1,050	3,475	4,637
Printing, Publications and Promotion	7,055	385	-	7,441	623	3,286	11,349	14,692
Dues and Subscriptions	84	573	-	657	841	50	1,548	1,384
Conferences, Meetings and Travel	8,660	47,033	-	55,693	3,751	1,169	60,612	100,791
National Veterans Wheelchair Games	-	14,049	-	14,049	-	-	14,049	14,596
Awards, Scholarships, Grants	111	15,538	5,476	21,125	659	-	21,784	24,288
<b>Total Expenses Before Depreciation</b>	<b>62,519</b>	<b>106,388</b>	<b>31,000</b>	<b>199,907</b>	<b>20,368</b>	<b>20,415</b>	<b>240,690</b>	<b>346,909</b>
Depreciation	3,267	2,178	1,089	6,534	1,089	1,089	8,712	8,712
<b>Total 2017 Expenses</b>	<b>65,786</b>	<b>108,566</b>	<b>32,089</b>	<b>206,441</b>	<b>21,457</b>	<b>21,504</b>	<b>\$ 249,402</b>	
<b>Total 2016 Expenses</b>	<b>\$ 102,090</b>	<b>\$ 168,964</b>	<b>\$ 22,945</b>	<b>\$ 293,999</b>	<b>\$ 24,060</b>	<b>\$ 37,562</b>		<b>\$ 355,621</b>

Paralyzed Veterans of America - Wisconsin Chapter Inc.  
Notes to Financial Statements  
For the years ended September 30, 2017 and 2016

**Note 1. Nature of the Operations:**

Paralyzed Veterans of America - Wisconsin Chapter Inc. (WPVA and/or the organization) is one of 34 chapters of Paralyzed Veterans of America (PVA). Founded in 1947, PVA is organized to provide services to veterans and be an advocate for the disabled community. WPVA gained admission in PVA in 1980 and received its Chapter Charter in November 1981. The national organization, PVA, has agreed to support WPVA with an annual chapter grant. The approved PVA annual grant for the remaining nine months ending June 30, 2018 is \$118,575.

In order to provide services to veterans and be an advocate for the disabled community, WPVA has several programs. Program services include:

**Membership and Benefits** - Each PVA chapter is required to maintain an active outreach program to maintain members and solicit new members. Benefit services (including liaison) to the membership are in the area of education, hospital liaison, NSO referrals, etc. Each PVA chapter is also required to maintain member contact, producing and distributing publications.

**Public Affairs** - Each PVA chapter is required to be proactive in legislation, civil rights and barrier-free design and to create public awareness of issues of concern to members using news media. Additionally, each chapter must provide a program to improve the quality of life of paralyzed veterans and other persons with disabilities by assisting with the expansion of both the quality and quantity of opportunities in sports and recreation, especially those activities that enhance lifetime health and fitness.

**Research and Education** - In order to support research and education in the areas of care and cure of veterans with paralysis, PVA established the PVA Research Foundation and the PVA Education Foundation. PVA chapters are encouraged to support programs directed toward research and education.

**Fundraising** - Each PVA chapter is required to operate a program to raise funds in order to further implement and enhance the other PVA chapter programs.

**Note 2. Summary of Significant Accounting Policies**

**Basis of Accounting** - The financial statements of the organization have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

**Basis of Presentation** – The organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Temporarily Restricted and Board Designated net assets consist of contributions designated for National Veterans Wheelchair Games (NVWC), Scholarships and Adaptive Sports. WPVA has no permanently restricted net assets.

Paralyzed Veterans of America - Wisconsin Chapter Inc.  
Notes to Financial Statements  
For the years ended September 30, 2017 and 2016

**Note 2. Summary of Significant Accounting Policies (continued)**

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Subsequent Events** – The financial statements include management’s evaluation of the events and transactions occurring subsequent to September 30, 2017 through December 4, 2017, which is the date the financial statements were available to be issued.

**Cash and Cash Equivalents** – The organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. Cash is held primarily in four checking and savings accounts at banks in southeastern Wisconsin. The Federal Deposit Insurance Corporation (FDIC) provides limited insurance on cash deposits. At times, the organization’s cash deposits may exceed the FDIC insurance limit, however, the organization does not expect to experience any losses on its cash deposits.

**Investments** – Investments are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical investments (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows.

Level 1 - Valuation is based upon quoted prices in active markets for identical investments.

Level 2 - Valuation is based upon other significant observable inputs (including quoted prices for similar investments).

Level 3 - Valuation is based upon significant unobservable inputs (including the plan’s assumptions in determining the fair value of investments).

The fair value methodology applied by the organization may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different value measurement at the reporting date.

Paralyzed Veterans of America - Wisconsin Chapter Inc.  
Notes to Financial Statements  
For the years ended September 30, 2017 and 2016

**Note 2. Summary of Significant Accounting Policies (continued)**

**Investments (continued)**

The organization determined the fair values of its investment securities using quoted prices in active markets. As such, this valuation falls under level 1 of the fair value hierarchy described above. The investments, managed by Morgan Stanley, LLC, are comprised of the following as of September 30,

	2017	2016
Mutual Funds	\$ 253,261	\$ 101,664
Exchange Traded Funds	74,974	91,837
Total Investments	\$ 328,235	\$ 193,501

Following is a summary of the investment income (loss).

	2017	2016
Dividends and Capital Gains	\$ 3,468	\$ 4,960
Realized Gains (Losses)	14,274	(8,764)
Unrealized Gains	17,262	20,403
Total Investment Income	\$ 35,004	\$ 16,599

**Property and Equipment** – Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at the fair value on the date of the donation. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on a straight-line basis

Building and Improvements	7 to 39 years
Office Furniture and Equipment	5 to 7 years

**Long-lived Assets** – The organization annually considers whether indicators of impairment of long-lived assets held for use are present. If such indicators are present, the organization determines whether the sum of the estimated undiscounted future cash flow attributable to such assets is less than their carrying amounts, and if so, the organization would recognize an impairment loss based on the excess of the carrying amount of the assets over their fair value. Management has determined that no such impairment was present as of September 30, 2017 and 2016.

Paralyzed Veterans of America - Wisconsin Chapter Inc.  
Notes to Financial Statements  
For the years ended September 30, 2017 and 2016

**Note 2. Summary of Significant Accounting Policies (continued)**

**Revenue Recognition** – Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions. Conditional promises to give are recognized as revenue only when the conditions on which they depend are substantially met and the promises become unconditional.

**Donated Services** - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization. There were no donated services in 2017 but there was \$3,000 related to IT consulting and web site design in 2016.

**Tax-exempt Status** – The organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. Management believes that it has appropriate support for any tax positions related to unrelated business activities, if any, and as such, does not have any uncertain tax positions that are material to the financial statements. The organization’s federal and state tax returns are subject to examination by taxing authorities, generally for three years after they were filed for the federal forms and four years for the state forms.

**Note 3. Liquidity Line of Credit**

The organization has a \$185,476 liquidity line of credit at Morgan Stanley with the interest set weekly by the lender. The rate at September 30, 2017 was 5.24%. As of September 30, 2017, there was no balance on the liquidity line of credit.

**Note 4. Board Designated Net Assets**

The Board has designated funds to be set aside for selected participants to attend the annual National Veterans Wheelchair Games (NVWG), for scholarships and Adaptive Sports as follows:

	2017	2016
National Veterans Wheelchair Games (NVWG)	\$ 18,844	\$ 33,289
Scholarships	28,115	-
Adaptive Sports	52,719	-
Total Board Designated Funds	\$ 99,678	\$ 33,289

Paralyzed Veterans of America - Wisconsin Chapter Inc.  
Notes to Financial Statements  
For the years ended September 30, 2017 and 2016

**Note 5. Rental Property and Rental Income**

A commercial office building was purchased in connection with the organization's office building in October 2000. The commercial office building is recorded as rental property at cost, less accumulated depreciation. Building depreciation is straight line over 39 years; building improvement costs are depreciated over 7 to 39 years.

	<u>2017</u>	<u>2016</u>
Land	\$ 113,004	\$ 113,004
Building and Improvements	<u>270,636</u>	<u>270,636</u>
Total Cost	383,640	383,640
Accumulated Depreciation	<u>(133,772)</u>	<u>(125,512)</u>
Net Book Value	<u>\$ 249,868</u>	<u>\$ 258,128</u>

The organization has two lease agreements with unrelated parties. The first lease agreement requires the lessee to remit approximately \$3,000 per month through December 31, 2017. The second lease agreement requires the lessee to remit approximately \$1,400 per month through April 30, 2017 at which time the lease became a month-to-month agreement. Under the lease agreements certain operating expenses are paid by the lessees. The organization is responsible for real estate taxes and maintenance and any other operating expenses not paid by the lessees. Future minimum lease payments to be received are \$17,600 in 2017 and \$9,000 in 2018. The rental property is charged for all related costs. Rental income is calculated as follows:

	<u>2017</u>	<u>2016</u>
Rental Receipts	\$ 54,441	\$ 52,938
Expenses:		
Utilities, repairs, property tax	(30,871)	(17,812)
Management Fees	(5,500)	-
Depreciation	<u>(8,260)</u>	<u>(8,260)</u>
Net Rental Income	<u>\$ 9,810</u>	<u>\$ 26,866</u>

There has been an accepted offer on the purchase of the rental property with an anticipated closing date in February 2018.

**Note 6. Functional Allocation of Expenses**

The costs of providing programs and other activities have been summarized on a functional basis in the Statements of Activities and Statement of Functional Expenses. Membership and benefits expense includes the newsletter, hospital liaison, elections and meetings. Sport activities (including the NVWG) and legislative and advocacy activities are included in public affairs. Education includes grants to those pursuing programs to assist disabled persons. Personnel costs, occupancy and depreciation costs are allocated among the programs and supporting services benefited based on estimates made by management.