

Paralyzed Veterans of America - Wisconsin Chapter Inc.

Audited Financial Statements

For the years ended September 30, 2018 and 2017

Prepared by: Bruce Michael Redlin, CPA, LLC  
Certified Public Accountant  
2323 South 109<sup>th</sup> Street  
West Allis, Wisconsin 53227  
414-543-1550  
[bredlin@bredlin.com](mailto:bredlin@bredlin.com)

Paralyzed Veterans of America - Wisconsin Chapter Inc.

Financial Statements  
For the years ended September 30, 2018 and 2017

Table of Contents

INDEPENDENT AUDITOR'S REPORT	2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities and Net Assets	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7 - 11

## **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, 2018 and 2017, and the related statements of activities and net assets and cash flows for the years then ended, the related statement of functional expenses for the years ended September 30, 2018 and 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, 2018 and 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.

*Bruce Michael Redlin, CPA, LLC*

Bruce Michael Redlin, CPA, LLC  
Certified Public Accountant  
West Allis, Wisconsin  
November 19, 2018

Paralyzed Veterans of America - Wisconsin Chapter Inc.  
Statement of Financial Position  
For the years ended September 30, 2018 and 2017

	Assets		2018	2017
<b>Current Assets</b>			<u>2018</u>	<u>2017</u>
Cash and Equivalents		\$	75,945	\$ 82,746
Other Receivables and Prepaid Expenses			<u>775</u>	<u>4,807</u>
<b>Total Current Assets</b>			<u>76,720</u>	<u>87,553</u>
<b>Property and Equipment</b>				
Land		-		103,900
Building and Improvements		-		204,794
Office Furniture and Equipment			<u>51,175</u>	<u>51,175</u>
<b>Total Property and Equipment</b>			51,175	359,869
Less: Accumulated Depreciation			<u>(42,559)</u>	<u>(154,349)</u>
<b>Net Property and Equipment</b>			<u>8,616</u>	<u>205,520</u>
<b>Other Assets</b>				
Land Contract Receivable			<u>260,000</u>	<u>-</u>
<b>Total Other Assets</b>			<u>260,000</u>	<u>-</u>
<b>Investments</b>			<u>475,030</u>	<u>328,235</u>
<b>Rental Land and Building, at Cost Less</b>				
Accumulated Depreciation			<u>-</u>	<u>249,869</u>
<b>Total Assets</b>		\$	<u>820,366</u>	\$ <u>871,177</u>
	<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>				
Accounts Payable		\$	6,521	\$ 1,170
Accrued Liabilities			<u>5,078</u>	<u>20,883</u>
<b>Total Current Liabilities</b>			<u>11,599</u>	<u>22,053</u>
<b>Net Assets</b>				
Unrestricted - General			808,767	749,446
Unrestricted - Board Designated			<u>-</u>	<u>99,678</u>
<b>Total Net Assets</b>			<u>808,767</u>	<u>849,124</u>
<b>Total Liabilities and Net Assets</b>		\$	<u>820,366</u>	\$ <u>871,177</u>

Paralyzed Veterans of America - Wisconsin Chapter Inc.  
Statement of Activities and Net Assets  
For the years ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Unrestricted Net Assets</b>		
Support and Revenue		
Fundraising and Contributions	\$ 101,184	\$ 136,394
PVA Grant	190,318	158,100
Event Registration Fees	19,959	8,100
Investment Income	29,884	35,004
Net Rental Income/(Loss)	(24,937)	9,811
Other Income	<u>19,621</u>	<u>3,776</u>
 Total Unrestricted Support and Revenue Before Net Assets Released for Restrictions	 336,029	 351,185
 Net Assets Released from Restrictions	 <u>-</u>	 <u>39,912</u>
 Total Unrestricted Support and Revenue	 336,029	 391,097
 Expenses		
Program Services		
Membership and Benefits	96,978	65,786
Public Affairs	128,526	108,566
Research and Education	<u>22,079</u>	<u>32,089</u>
 Total Program Services	 247,583	 206,441
 Management and General Fundraising	 21,289 <u>26,896</u>	 21,457 <u>21,504</u>
 Total Expenses	 <u>295,768</u>	 <u>249,402</u>
 <b>Change in Unrestricted Net Assets</b>	 40,261	 141,695
 Gain (Loss) on Asset Sale	 (80,618)	 -
 <b>Temporarily Restricted Net Assets</b>		
Net Assets Released from Restrictions	<u>-</u>	<u>(39,912)</u>
 <b>Change in Temporarily Restricted Net Assets</b>	 <u>-</u>	 <u>(39,912)</u>
 <b>Change in Net Assets</b>	 (40,357)	 101,783
 <b>Net Assets</b>		
Beginning of Year	<u>849,124</u>	<u>747,341</u>
 End of Year	 <u>\$ 808,767</u>	 <u>\$ 849,124</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities</b>		
Changes in Net Assets	\$ (40,357)	\$ 101,783
Add (deduct):		
Depreciation	3,450	16,972
Realized (Gain) Loss on Investments	(13,998)	(14,274)
Unrealized (Appreciation) Depreciation of Investments	(12,704)	(17,262)
Increase or (Decrease) in Cash and Cash Equivalents Due to Changes in		
Other Receivables and Prepaid Expenses	4,032	42
Land Contract Receivable	(260,000)	
Accounts Payable	5,276	(82)
Accrued Liabilities	<u>(15,805)</u>	<u>2,605</u>
<b>Net Cash Provided by Operating Activities</b>	<u>(330,106)</u>	<u>89,784</u>
<b>Cash Flows from Investing Activities</b>		
Sale of Property and Equipment	436,534	-
Purchases of Investments	<u>(113,229)</u>	<u>(103,198)</u>
<b>Net Cash Flow from Investing Activities</b>	<u>323,305</u>	<u>(103,198)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(6,801)	(13,414)
<b>Cash and Cash Equivalents</b>		
Beginning of the Year	<u>82,746</u>	<u>96,160</u>
End of the Year	<u>\$ 75,945</u>	<u>\$ 82,746</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, 2018

(With Summarized Totals for the Year Ended September 30, 2017)

	PROGRAM SERVICES			SUPPORTING SERVICES		
	Membership and Benefits	Public Affairs	Research and Education	Management and General	Fundraising	2018 Totals
Compensation, Taxes and Benefits	\$ 25,722	\$ 22,128	\$ 3,394	\$ 3,011	\$ 9,146	\$ 63,401
Professional and Consulting	19,222	16,535	2,535	2,265	6,823	47,379
Occupancy	14,072	9,469	4,690	4,691	4,691	37,613
Office Supplies and Expenses	6,495	3,008	1,791	1,595	2,118	15,007
Postage and Shipping	2,188	414	12	206	1,221	4,040
Printing, Publications and Promotion	19,238	3,349	-	3,594	1,277	27,458
Dues and Subscriptions	71	485	-	711	43	1,309
Conferences, Meetings and Travel	8,489	46,102	-	3,676	1,145	59,413
National Veterans Wheelchair Games	-	-	-	-	-	-
Awards, Scholarships, Grants	188	26,174	9,224	1,111	-	36,697
Total Expenses Before Depreciation	95,684	127,664	21,647	20,858	26,465	292,318
Depreciation	\$ 1,294	\$ 863	\$ 431	\$ 431	\$ 431	3,450
Total 2018 Expenses	96,978	128,526	22,078	21,289	26,896	295,768
Total 2017 Expenses	\$ 61,835	\$ 110,815	\$ 14,691	\$ 14,672	\$ 47,388	\$ 249,400

The accompanying notes are an integral part of this schedule.

Paralyzed Veterans of America - Wisconsin Chapter Inc.  
Notes to Financial Statements  
For the years ended September 30, 2018 and 2017

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

Paralyzed Veterans of America - Wisconsin Chapter Inc. (PVA-WI and/or the organization) is one of 334 chapters of Paralyzed Veterans of America (PVA). Founded in 1946, PVA is organized to provide services to veterans with spinal cord injury or disease, MS or ALS and be an advocate for the disabled community. PVA-WI gained admission in PVA in 1980 and received its Chapter Charter in November 1981. The national organization, PVA, has agreed to support PVA-WI with an annual chapter grant. The approved PVA annual grant for the remaining nine months ending June 30, 2019 is \$106,718.

In order to provide services to veterans and be an advocate for the disabled community, PVA-WI 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 include a hospital liaison, National Service Office referrals, education, 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. PVA-WI has no permanently restricted net assets.

Paralyzed Veterans of America - Wisconsin Chapter Inc.  
Notes to Financial Statements  
For the years ended September 30, 2018 and 2017

**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, 2018 through November 19, 2018, 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, 2018 and 2017

**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,

	2018	2017
Mutual Funds	\$ 376,556	\$ 253,261
Exchange Traded Funds	98,474	74,974
Total Investments	\$ 475,030	\$ 328,235

Following is a summary of the investment income.

	2018	2017
Dividends and Capital Gains	\$ 3,182	\$ 3,468
Realized Gains	13,998	14,274
Unrealized Gains	12,704	17,262
Total Investment Income	\$ 29,884	\$ 35,004

**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, 2018 and 2017. Depreciation for the years ended September 30, 2018 and 2017 was \$3,450 and \$8,712 respectively.

Paralyzed Veterans of America - Wisconsin Chapter Inc.  
Notes to Financial Statements  
For the years ended September 30, 2018 and 2017

**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 2018 and 2017.

**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 \$265,927 liquidity line of credit at Morgan Stanley with the interest set weekly by the lender. The rate at September 30, 2018 was 6.2%. As of September 30, 2018, 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:

	2018	2017
National Veterans Wheelchair Games (NVWG)	\$ -	\$ 18,844
Scholarships	-	28,115
Adaptive Sports	-	52,719
Total Board Designated Funds	\$ -	\$ 99,678

Paralyzed Veterans of America - Wisconsin Chapter Inc.  
Notes to Financial Statements  
For the years ended September 30, 2018 and 2017

**Note 5. 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.