

**PARALYZED VETERANS OF AMERICA, INC.,**  
**NORTH CENTRAL CHAPTER**

**FINANCIAL STATEMENTS**  
**With Independent Auditor's Report Thereon**

**For The Years Ended September 30, 2019 and 2018**

**OFFICERS AND DIRECTORS**

Perry Grimme	President
Casey Davidson	Vice President
Greg Brandner	Secretary
Gene Murphy	Treasurer
Diane Beesley	Director
Duane Biesboer	Director
Charles Doom	Director
Leon LeBorgne	Director
Michael Olson	Director



## **PARALYZED VETERANS OF AMERICA, INC., NORTH CENTRAL CHAPTER**

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# GRANT AND WILLIAMS, INC.

## Certified Public Accountants

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### Independent Auditor's Report

To the Board of Directors  
**Paralyzed Veterans of America, Inc.,**  
**North Central Chapter**  
Sioux Falls, South Dakota

We have audited the accompanying financial statements of **Paralyzed Veterans of America, Inc., North Central Chapter** (a nonprofit corporation), which comprise the statements of financial position as of September 30, 2019 and 2018 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 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, 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 **Paralyzed Veterans of America, Inc., North Central Chapter** as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Grant and Williams, Inc.*

Sioux Falls, South Dakota  
January 10, 2020

**North Central Chapter of  
Paralyzed Veterans of America, Inc.  
Statements of Financial Position  
September 30, 2019 and 2018**

<b><u>ASSETS</u></b>		<u>2019</u>	<u>2018</u>
Cash and cash equivalents		\$ 55,786	\$ 30,478
Accounts receivable		-	830
Prepaid expenses		2,480	6,462
Inventory		5,186	7,007
Marketable securities		764,838	835,831
Total current assets		<u>828,290</u>	<u>880,608</u>
	<u>2019</u>	<u>2018</u>	
Land	\$ 42,600	\$ 42,600	
Building & Improvements	329,142	329,142	
Equipment	74,549	74,549	
	<u>446,291</u>	<u>446,291</u>	
Less Accumulated Depreciation			
Building & Improvements	(186,579)	(178,071)	
Equipment	(74,490)	(74,321)	
	<u>(261,069)</u>	<u>(252,392)</u>	
Net book value		<u>185,222</u>	<u>193,899</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 1,013,512</u></u>	<u><u>\$ 1,074,507</u></u>
<b><u>LIABILITIES</u></b>			
Accounts payable		\$ 8,509	\$ 4,398
Accrued compensated absences		16,611	13,543
Deferred revenue		390	460
		<u>25,510</u>	<u>18,401</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>25,510</u>	<u>18,401</u>
<b><u>NET ASSETS</u></b>			
Net assets without donor restrictions		982,050	1,051,926
Net assets with donor restrictions		5,952	4,180
<b>TOTAL NET ASSETS</b>		<u>988,002</u>	<u>1,056,106</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u><u>\$ 1,013,512</u></u>	<u><u>\$ 1,074,507</u></u>

See accompanying notes to financial statements.

**North Central Chapter of  
Paralyzed Veterans of America, Inc.  
Statements of Activities  
For the Years Ended September 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>UNRESTRICTED PUBLIC SUPPORT AND REVENUE</b>		
National PVA Grant	\$ 142,290	\$ 154,148
Investment return, net	22,904	42,811
Other	14,854	20,249
Contributions	<u>46,137</u>	<u>68,880</u>
Total Unrestricted Public Support and Revenue	<u>226,185</u>	<u>286,088</u>
Net assets released from donor restrictions	<u>4,878</u>	<u>8,659</u>
Total Unrestricted Public Support, Revenue, and Net Assets Released From Donor Restrictions	<u>231,063</u>	<u>294,747</u>
<b>UNRESTRICTED EXPENSES</b>		
Program Services		
Public affairs	130,658	137,526
Membership and benefits	103,096	108,051
Research and education	2,250	2,000
Supporting Activities		
General and administrative	46,549	45,881
Fundraising	<u>18,386</u>	<u>17,889</u>
Total Unrestricted Expenses	<u>300,939</u>	<u>311,347</u>
<b>INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	(69,876)	(16,600)
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	6,650	5,500
Less net assets released from restrictions	<u>(4,878)</u>	<u>(8,659)</u>
<b>INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>1,772</u>	<u>(3,159)</u>
<b>CHANGE IN NET ASSETS</b>	(68,104)	(19,759)
NET ASSETS, BEGINNING OF YEAR	<u>1,056,106</u>	<u>1,075,865</u>
NET ASSETS, END OF YEAR	<u>\$ 988,002</u>	<u>\$ 1,056,106</u>

See accompanying notes to financial statements.

**Paralyzed Veterans of America, Inc., North Central Chapter**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2019**

	Public Affairs			Membership and Benefits			Research	Total
	Government Relations	Sports	Subtotal	Newsletter	Service to Veterans	Membership		
Compensation	\$ 53,415	\$ 17,805	\$ 71,220	\$ 7,419	\$ 16,321	\$ 16,321	\$ 40,061	\$ 111,281
Occupancy	-	-	-	-	-	17,633	17,633	17,633
Office supplies	-	-	-	358	-	9,113	9,471	9,471
Postage	-	-	-	1,105	-	1,190	2,295	2,295
Printing, publication, and promotion	45	3,000	3,045	-	3,010	1,193	4,203	7,248
Dues and subscriptions	390	-	390	-	749	857	1,606	1,996
Conferences, meeting, and travel	1,578	49,760	51,338	-	1,776	14,174	15,950	67,288
Awards and grants	100	400	500	-	7,014	2,519	9,533	12,283
	Subtotal	55,528	126,493	8,882	28,870	63,000	100,752	229,495
Depreciation	3,124	1,041	4,165	434	955	955	2,344	6,509
	Grand total	\$ 58,652	\$ 130,658	\$ 9,316	\$ 29,825	\$ 63,955	\$ 103,096	\$ 236,004

	Supporting Activities		Total Program and Supporting Activities
	General and Administrative	Fundraising	
Compensation	\$ 29,675	\$ 7,419	\$ 37,094
Professional and Consulting	11,552	-	11,552
Occupancy	2,179	-	2,179
Office supplies	1,266	8,550	9,816
Postage	121	475	596
Printing, publication, and promotion	19	1,280	1,299
Dues and subscriptions	-	230	230
Conferences, meeting, and travel	-	-	-
Awards and grants	-	-	-
	Subtotal	44,812	17,954
		62,766	292,259
Depreciation	1,737	434	2,171
	Grand total	\$ 46,549	\$ 18,388
		\$ 64,937	\$ 300,939

See accompanying notes to financial statements.



**Paralyzed Veterans of America, Inc., North Central Chapter**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2018**

	Public Affairs			Membership and Benefits			Total Program Services
	Government Relations	Sports	Subtotal	Service to Veterans	Membership	Subtotal	
Compensation	\$ 51,257	\$ 17,085	\$ 68,342	\$ 7,119	\$ 15,662	\$ 38,443	\$ -
Occupancy	-	-	-	-	-	16,072	-
Office supplies	22	-	22	226	-	8,733	-
Postage	-	-	-	1,011	-	2,399	-
Printing, publication, and promotion	83	3,000	3,083	-	2,618	4,374	-
Dues and subscriptions	290	25	315	-	746	1,584	-
Conferences, meeting, and travel	3,099	57,638	60,737	-	1,501	12,190	-
Awards and grants	-	400	400	-	17,557	21,654	2,000
Subtotal	54,751	78,148	132,899	8,356	38,084	105,449	2,000
Depreciation	3,470	1,157	4,627	482	1,060	2,602	-
Grand total	\$ 58,221	\$ 79,305	\$ 137,526	\$ 8,838	\$ 39,144	\$ 108,051	\$ 2,000

	Supporting Activities		Total Program and Supporting Activities
	General and Administrative	Fundraising	
Compensation	\$ 28,476	\$ 7,119	\$ 35,595
Professional and Consulting	10,575	-	10,575
Occupancy	3,346	-	3,346
Office supplies	1,376	8,651	10,027
Postage	154	1,479	1,633
Printing, publication, and promotion	26	128	154
Dues and subscriptions	-	30	30
Conferences, meeting, and travel	-	-	-
Awards and grants	-	-	-
Subtotal	43,953	17,407	61,360
Depreciation	1,928	482	2,410
Grand total	\$ 45,881	\$ 17,889	\$ 63,770

See accompanying notes to financial statements.

**North Central Chapter of  
Paralyzed Veterans of America, Inc.  
Statements of Cash Flows  
For the Years Ended September 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in net assets	\$ (68,104)	\$ (19,759)
Items not using / providing resources		
Depreciation	8,678	9,639
Realized and unrealized (gains) losses on marketable securities	(7,299)	(32,407)
(Increase) decrease in:		
Accounts receivable	830	520
Prepaid expenses	3,982	(679)
Inventory	1,821	(808)
Increase (decrease) in:		
Accounts payable	4,111	673
Accrued compensated absences	3,068	861
Deferred revenue	(70)	(780)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>(52,983)</u>	<u>(42,740)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of marketable securities	477,274	564,279
Purchase of marketable securities	<u>(398,983)</u>	<u>(545,662)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>78,291</u>	<u>18,617</u>
<b>NET DECREASE IN CASH</b>	25,308	(24,123)
<b>CASH, BEGINNING OF YEAR</b>	<u>30,478</u>	<u>54,601</u>
<b>CASH, END OF YEAR</b>	<u>\$ 55,786</u>	<u>\$ 30,478</u>

See accompanying notes to financial statements.

**Paralyzed Veterans of America, Inc.,  
North Central Chapter  
Notes to Financial Statements  
September 30, 2019 and 2018**

**Nature of Activities:**

The Paralyzed Veterans of America, Inc., North Central Chapter has a full time service office located in Sioux Falls, SD. They serve paralyzed veterans, veteran's spouses, and veteran's dependents. The Organization is supported primarily by its National PVA grant.

Program services provided by the Chapter are as follows:

Membership and Benefits: This program offers assistance to veterans in obtaining benefits and in filing forms properly as well as providing benefit information to veterans. Various projects at Veterans Medical Administration Centers are funded by the Chapter and include purchases of equipment, items for patient rehabilitation, and items for veteran's nursing homes and state retirement homes.

Public Affairs: The Chapter supports legislation intended to improve the quality of life for veterans and people with disabilities. Also, the Chapter is an advocate for causes such as improving the quality of health care for veterans and other people with disabilities. Funding and support is also provided for various sport and leisure time activities for disabled veterans. Many hours are donated by chapter members for various community projects.

Research and Education: Scholarships are funded for individuals studying in the fields of nursing, physical therapy, or occupational therapy. Contributions are made to the PVA Spinal Cord Injury Research Center. Grants for assistance for doctors and nurses to attend seminars in related fields are also provided. The Chapter also provides patients with information on medical procedures and care.

**Note 1. Summary of Significant Accounting Policies:**

Basis of Financial Statement Presentation: The financial statements of North Central Chapter, Paralyzed Veterans of America presented herein are on the accrual basis. The accrual method of accounting recognizes revenues and gains when earned, and expenses and losses when incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board under the Not for Profit Entities Topic 958 (FASB ASC 958). Under FASB ASU 2016-14, a nonprofit organization is required to report information regarding its financial position and activities according to two classes of net assets: unrestricted net assets and restricted net assets.

Contributions: The Organization accounts for contributions in accordance with the Financial Accounting Standards Board under the Not for Profit Entities Topic (FASB ASC 958-605-25) of the FASB Accounting Standards Codification. Under FASB ASC 958, contributions are recognized as support when received or unconditionally pledged and are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and / or nature of any donor restrictions.

**Paralyzed Veterans of America, Inc.,  
North Central Chapter  
Notes to Financial Statements  
September 30, 2019 and 2018**

**Note 1. Summary of Significant Accounting Policies, (continued):**

Contributions with donor imposed restrictions that were met in the same reporting period are reported as unrestricted support in the statement of activities. Donor restricted support is reported as an increase in donor restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), donor restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from donor restrictions.

Accounts Receivable: Substantially all accounts receivable are considered collectible. Accordingly, an allowance for doubtful accounts is not required. When accounts become uncollectible, they are charged to expense when that determination is made. The risk of loss on the accounts receivable is the balance owed at the time of default. For the years ended September 30, 2019 and 2018, bad debt expense was zero.

Property Basis and Depreciation: Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. The Organization capitalizes all expenditures for property and equipment in excess of \$2,500. Expenditures for repairs and maintenance are expensed. It is the policy of the Chapter to provide for depreciation based on the estimated useful life of the individual units of property using the straight-line method. Equipment's life is estimated to be between five and fifteen years. The life of the building and improvements is estimated to be thirty-nine years.

Marketable Securities: The Chapter carries equity funds and debt and equity mutual funds at fair market value. Debt and equity securities are carried at estimated fair market value. Unrealized gains and losses are included in the change in unrestricted net assets in the accompanying Statements of Activities.

Inventory: Inventory is stated at cost using the first-in, first-out method (FIFO) and consists primarily of gun shells.

Employee Benefits: The cost of employee vacation pay and sick leave is accrued as it is vested to the employee.

Income Tax Status: The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The State of South Dakota does not have an income tax. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. Management has made a review for uncertain tax positions as required by FASB ASC 740 and none were found. The Organization's income tax filings are subject to audit by the Internal Revenue Service.

The Organization's open audit periods are 2017, 2018 and 2019.

**Paralyzed Veterans of America, Inc.,  
North Central Chapter  
Notes to Financial Statements  
September 30, 2019 and 2018**

**Note 1. Summary of Significant Accounting Policies, (continued):**

Cash Equivalent: For purposes of the Statement of Cash Flows, the Chapter considers checking accounts, money market accounts, and certificates of deposit to be cash equivalents.

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 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.

Fair Value Measurements on Recurring Basis: The Chapter follows the guidance of the Financial Accounting Standards Board under the Fair Value Measurements and Disclosures Topic (FASB ASC 820), as it applies to the Chapter's financial instruments. FASB ASC 820 defines fair value, outlines a framework for measuring fair value, and details the required disclosures about fair value measurements. Under FASB ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. FASB ASC 820 establishes a hierarchy in determining the fair market value of an asset or liability. The fair value hierarchy has three levels of inputs, both observable and unobservable. FASB ASC 820 requires the utilization of the highest possible level of input to determine fair value. Level 1 inputs include quoted market prices in an active market for identical assets or liabilities. Level 2 inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data. Level 3 inputs are unobservable and corroborated by little or no market data. A summary by level follows using the market approach:

	Fair Value as of September 30, 2019	Level 1	Level 2	Level 3
Assets				
Marketable securities	\$ 764,838	\$ 764,838	\$ -	\$ -
	Fair Value as of September 30, 2018	Level 1	Level 2	Level 3
Assets				
Marketable securities	\$ 835,831	\$ 835,831	\$ -	\$ -

**Paralyzed Veterans of America, Inc.,  
North Central Chapter  
Notes to Financial Statements  
September 30, 2019 and 2018**

**Note 1. Summary of Significant Accounting Policies, (continued):**

Concentration of Revenue Received: The Organization receives approximately 62% and 52% of its unrestricted revenue from the National PVA for the years ended September 30, 2019 and 2018, respectively.

Functional Allocation of Expenses: The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising and Promotional: Advertising and promotional costs, which are included in the Statement of Functional Expenses as part of printing, publication, and promotion, are expensed as incurred. Advertising and promotional expense was \$7,030 and \$7,140 for the years ended September 30, 2019 and 2018, respectively.

Pension Plan: Pension costs are funded as accrued by the Organization.

Fundraising: The Organization incurred fundraising expenses of \$18,388 and \$17,889 for the years ending September 30, 2019 and 2018, respectively. Such amounts are reflected as fundraising expenses in the statements of activities.

Subsequent Events: The Organization evaluated its September 30, 2019 financial statements for subsequent events through January 10, 2020, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

**Note 2. Cash and Cash Equivalents:**

The cash accounts of the Chapter are as follows:

	<u>9/30/2019</u>	<u>9/30/2018</u>
Interest Bearing Checking Account, Great Western Bank, 2019 and 2018 earning .01%	\$ 3,061	\$ 1,671
Money Market Savings Account, Great Western Bank, 2019 and 2018 earning .05%	40,636	20,623
Prime Fund - Capital Reserves Money Market Account, Thrivent Investment Management, Inc.	12,090	8,184
	<u>\$ 55,787</u>	<u>\$ 30,478</u>

**Paralyzed Veterans of America, Inc.,  
North Central Chapter  
Notes to Financial Statements  
September 30, 2019 and 2018**

**Note 3. Marketable Securities:**

The fair values of marketable securities held are as follows:

	<u>9/30/2019</u>
Equity ETF funds	\$ 120,103
Fund LP units	107,815
Equity mutual funds	309,125
Fixed income mutual funds	227,795
Total	<u>\$ 764,838</u>
	<u>9/30/2018</u>
Equity ETF funds	\$ 124,765
Fund LP units	8,687
Equity mutual funds	286,614
Fixed income mutual funds	415,765
Total	<u>\$ 835,831</u>

Investment return is summarized as follows:

	<u>Years Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 22,803	\$ 18,412
Net realized and unrealized gains (losses) on marketable securities	7,299	32,407
Investment fees	(7,198)	(8,008)
Total unrestricted investment income	<u>\$ 22,904</u>	<u>\$ 42,811</u>

**Note 4. Concentration of Credit Risk:**

The Chapter's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and marketable securities.

The Chapter maintains its cash and cash equivalents at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At September 30, 2019 and 2018, the Organization's uninsured cash balances (those over \$250,000) totaled \$0.

The Chapter maintains its marketable securities at two brokerage firms. The accounts are each insured by the Securities Investor Protection Corporation up to \$500,000. The brokerage firms have arranged for coverage above this limit. At September 30, 2019 and 2018, there were no uninsured marketable security balances.

**Paralyzed Veterans of America, Inc.,  
North Central Chapter  
Notes to Financial Statements  
September 30, 2019 and 2018**

**Note 5. Joint Costs that Includes a Fundraising Appeal:**

Joint costs of informational activities that include a fundraising appeal have been allocated as follows:

In the years ended September 30, 2019 and 2018, all costs were allocated to fundraising.

**Note 6. Simple IRA Plan:**

Effective January 1, 2001, the Chapter adopted a Simple IRA plan. All full time employees earning \$5,000 or more per year are covered. Employees may make elective deferrals up to \$12,000 per year for 2019 and 2018. The Chapter has nonelective contributions of 2% of compensation. Plan expense for the year ended September 30, 2019 and 2018 was \$2,260 and \$2,205, respectively, and is included in compensation expense.

**Note 7. Temporarily Restricted Net Assets:**

Temporarily restricted net assets are available for the following purposes:

	September 30,	
	2019	2018
Various donors		
Printing Donation	\$ 1,008	\$ -
Top Gun Pheasant Hunt	4,944	4,180
	<u>\$ 5,952</u>	<u>\$ 4,180</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by the donors as follows:

	September 30,	
	2019	2018
National Paralyzed Veterans of America Transportation for Ft. Meade Veterans	\$ -	\$ 3,003
Various donors		
Restricted for Printing	1,492	-
Top Gun Pheasant Hunt	3,386	3,656
Darrell Jepson Memorial Scholarship Program	-	2,000
	<u>\$ 4,878</u>	<u>\$ 8,659</u>



**Paralyzed Veterans of America, Inc.,  
North Central Chapter  
Notes to Financial Statements  
September 30, 2019 and 2018**

**Note 8. Operating Lease:**

As of September 30, 2019, the Chapter was leasing a copier under operating leases with an office equipment company. The lease started February 29, 2016 and requires payments of \$391 due each month. Expense related to this lease was \$3,983 for the years ending September 30, 2019 and 2018. Future minimum payments required on the lease as of September 30, 2019 are as follows:

Fiscal year	
2020	\$ 4,692
2021	1,955
	<u>\$ 6,647</u>

**Note 9. Prospective Accounting Change:**

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. ASU 2014-09 is effective for the Organization's fiscal year beginning October 1, 2020.

Subsequent to the issuance of ASU 2014-09, the FASB issued the following ASU's which amend or provide additional guidance on topics addressed in ASU 2014-09. In March 2016, the FASB issued ASU 2016-08, Revenue Recognition - Principal versus Agent (reporting revenue gross versus net). In April 2016, the FASB issued ASU 2016-10, Revenue Recognition - Identifying Performance Obligations and Licenses. In May 2016, the FASB issued ASU 2016-12, Revenue Recognition - Narrow Scope Improvements and Practical Expedients.

In February 2016, the FASB issued ASU 2016-02, Leases. This update requires the recognition of leased assets and lease obligations by lessees for those leases currently classified as operating leases under existing lease guidance. Short term leases with a term of 12 months or less are not required to be recognized. The update also requires disclosure of key information about leasing arrangements to increase transparency and comparability among organizations. The accounting for lessors does not fundamentally change except for changes to conform and align guidance to the lessee guidance as well as to the new revenue recognition guidance in ASU 2014-09. This update is effective for the Organization's fiscal year beginning October 1, 2021.

**Paralyzed Veterans of America, Inc.,  
North Central Chapter  
Notes to Financial Statements  
September 30, 2019 and 2018**

**Note 9. Prospective Accounting Change (continued):**

In June 2018, the FASB issued ASU 2018-08, clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The update clarifies the accounting guidance for making or receiving contributions. The ASU provides a framework for evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance. For contributions received, the amendments become effective for annual periods beginning after December 15, 2018. For contributions made the amendments become effective for annual period beginning after December 15, 2019.

**Note 10. Restatement for Accounting Change**

The Chapter adopted ASU 2016-14, Not-for Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities in the current year. The update changes the reporting model and improves the disclosures. Modifications that impact the Organization includes requiring the presentation of only two classes of net assets titled “net assets without donor restriction” and “net assets with donor restrictions,” requiring disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and modifying other reporting requirements and disclosures in order to increase the usefulness of the statements. This update is effective for the Organization fiscal year beginning October 1, 2018. An additional change to the comparative statements is to move investment fees of \$7,198 and \$8,008 for September 30, 2019 and 2018, respectively, out of administrative expenses. These will be shown as an offset to investment income going forward.

# GRANT AND WILLIAMS, INC.

Certified Public Accountants

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Aleene A. Williams, CPA

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To the Board of Directors and Lisa Cummings, Executive Director  
Paralyzed Veterans of America, Inc. North Central Chapter  
Sioux Falls, South Dakota

In planning and performing our audit of the financial statements of Paralyzed Veterans of America, Inc., North Central Chapter as of and for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered Paralyzed Veterans of America, Inc., North Central Chapter's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in Paralyzed Veterans of America, Inc., North Central Chapter's internal control to be a material weakness:

Due to a limited number of administrative staff, there exists a lack of segregation of duties.

This communication is intended solely for the information and use of the Board of Directors and Lisa Cummings, Executive Director, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.



Grant and Williams, Inc.

Sioux Falls, South Dakota  
January 10, 2020



# GRANT AND WILLIAMS, INC.

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January 10, 2020

To the Board of Directors and

Lisa Cummings, Executive Director

Paralyzed Veterans of America, Inc. North Central Chapter

We have audited the financial statements of Paralyzed Veterans of America, Inc. North Central Chapter for the year ended September 30, 2019, and we will issue our report thereon dated January 10, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, Government Auditing Standards and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 6, 2019. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Matters

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Paralyzed Veterans of America, Inc. North Central Chapter are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2019. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the fair value of investments is based on quoted market prices as of the year ended September 30, 2019. We evaluated the key factors and assumptions used to develop the valuation of the investments, which were provided by a registered investment company, in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of Fair Value Measurements on a Recurring Basis in Note 1 to the financial statements. The note is necessary to disclose the hierarchy in determining the fair market value

of an asset or liability. Management discloses that investments are valued at level one, utilizing quoted market prices.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representation*

We have requested certain representations from management that are included in the management representation letter dated on January 10, 2020.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Board of Directors and Lisa Cummings, Executive Director of Paralyzed Veterans of America, Inc. North Central Chapter, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Grant and Williams, Inc.*

Grant and Williams, Inc.