

**ARIZONA CHAPTER
PARALYZED VETERANS OF AMERICA, INC.**

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

PAUL A. DONIS, CPA, PC
Certified Public Accountant
SCOTTSDALE, ARIZONA

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the accompanying financial statements of Arizona Chapter Paralyzed Veterans of America, Inc. (an Arizona nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arizona Chapter Paralyzed Veterans of America, Inc. as of September 30, 2023, 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.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Arizona Chapter Paralyzed Veterans of America, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Arizona Chapter Paralyzed Veterans of America, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Arizona Chapter Paralyzed Veterans of America, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Arizona Chapter Paralyzed Veterans of America, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Report on Summarized Comparative Information

I have previously audited the 2022 financial statements of Arizona Chapter Paralyzed Veterans of America, Inc., and I expressed an unmodified opinion on those audited financial statements in my report dated January 20, 2023. In my opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Paul A. Donis, CPA, PC

Scottsdale, Arizona
November 29, 2023

**ARIZONA CHAPTER
PARALYZED VETERANS OF AMERICA, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022**

ASSETS	2023	2022
Cash and cash equivalents	\$ 263,880	\$ 215,730
Employee advances	-	25
Prepaid expenses	11,624	2,722
Inventory	17,770	8,715
Property and equipment, net	1,063,608	1,128,112
Deposits	3,150	1,500
Total assets	\$ 1,360,032	\$ 1,356,804
LIABILITIES		
Accrued expenses	\$ 1,658	\$ 2,618
Accrued payroll taxes and employee benefits	2,785	2,209
Tenant deposits	2,550	1,200
Funds held for others	17,386	17,386
Total liabilities	24,379	23,413
NET ASSETS		
Without donor restrictions	1,335,653	1,333,391
Total net assets	1,335,653	1,333,391
Total liabilities and net assets	\$ 1,360,032	\$ 1,356,804

The accompanying notes are an integral part
of these financial statements

**ARIZONA CHAPTER
PARALYZED VETERANS OF AMERICA, INC.
STATEMENT OF ACTIVITIES WITH SUMMARIZED FINANCIAL
INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2022
YEAR ENDED SEPTEMBER 30, 2023**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE:				
Grants from national affiliate	\$ 150,865	\$ -	\$ 150,865	\$ 167,691
Contributed cash and other financial assets	194,567	-	194,567	81,153
Contributed nonfinancial assets	1,592,471	-	1,592,471	914,574
Rental income	54,061	-	54,061	17,954
Less rental expenses	(30,944)	-	(30,944)	(23,347)
Investment income	25	-	25	25
Gain (loss) on sale of assets	(16,316)	-	(16,316)	-
Total support and revenue	<u>1,944,729</u>	<u>-</u>	<u>1,944,729</u>	<u>1,158,050</u>
EXPENSES:				
Program Services:				
Membership and benefits	46,041	-	46,041	37,031
Prosthetics	1,640,352	-	1,640,352	1,023,330
Hospital and services	21,092	-	21,092	25,831
Sports and recreation	24,755	-	24,755	39,766
Advocacy and legislation	46,216	-	46,216	27,626
Education, training and outreach	92,781	-	92,781	75,018
Supporting Activities:				
General and administrative	56,295	-	56,295	44,567
Fund raising	14,935	-	14,935	4,951
Total expenses	<u>1,942,467</u>	<u>-</u>	<u>1,942,467</u>	<u>1,278,120</u>
Change in net assets	2,262	-	2,262	(120,070)
NET ASSETS:				
Beginning of year	<u>1,333,391</u>	<u>-</u>	<u>1,333,391</u>	<u>1,453,461</u>
End of year	<u>\$ 1,335,653</u>	<u>\$ -</u>	<u>\$ 1,335,653</u>	<u>\$ 1,333,391</u>

The accompanying notes are an integral part
of these financial statements

**ARIZONA CHAPTER
PARALYZED VETERANS OF AMERICA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	2023	2022
Change in net assets	\$ 2,262	\$ (120,070)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	33,188	33,573
Loss on sale of assets	16,316	-
Net donated assets (received) distributed	(9,055)	95
Change in operating assets and liabilities:		
Employee advances	25	-
Prepaid expenses	(8,902)	10,690
Deposits	(1,650)	(1,500)
Accrued expenses	(960)	(27,702)
Tenant deposits	1,350	1,200
Accrued payroll taxes and employee benefits	576	33
Net cash provided (used) by operating activities	33,150	(103,681)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(53,921)
Proceeds from sale of assets	15,000	-
Net cash provided (used) by investing activities	15,000	(53,921)
Net change in cash and cash equivalents	48,150	(157,602)
 CASH AND CASH EQUIVALENTS		
Beginning of year	215,730	373,332
End of year	\$ 263,880	\$ 215,730
 SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES		
Donated property and equipment received	\$ 1,543,321	\$ 914,574
Donated property and equipment distributed	(1,534,266)	(914,669)
Net donated assets received (distributed)	\$ 9,055	\$ (95)

The accompanying notes are an integral part
of these financial statements

**ARIZONA CHAPTER
PARALYZED VETERANS OF AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES WITH SUMMARIZED
FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2022
YEAR ENDED SEPTEMBER 30, 2023**

	Program Services					Supporting Activities		Total Expenses		
	Membership and benefits	Prosthetics	Hospital and services	Sports and recreation	Advocacy and legislation	Education, Training and Outreach	General and Admin.	Fund raising	2023	2022
Salaries and benefits	\$ 37,048	\$ 80,137	\$ 16,053	\$ 5,025	\$ 38,013	\$ 47,873	\$ 31,127	\$ 14,935	\$ 270,211	\$ 238,306
Advertising and promotion	-	-	-	98	-	16,433	314	-	16,845	18,032
Awards and grants	2,000	100	-	-	-	13,327	-	-	15,427	15,587
Board and member expenses	785	153	129	-	191	1,274	537	-	3,069	2,129
Computer services	532	532	532	532	532	532	530	-	3,722	4,653
Contract services	-	-	-	-	-	-	50	-	50	1,720
Depreciation	662	10,707	662	8,135	662	662	662	-	22,152	24,429
Dues and subscriptions	-	-	-	-	-	206	556	-	762	374
Donated materials	-	1,534,266	-	-	-	-	-	-	1,534,266	914,669
Insurance	1,612	1,612	1,612	1,612	1,612	1,612	3,025	-	12,697	11,215
Miscellaneous	-	625	-	-	-	266	386	-	1,277	1,850
Occupancy	1,561	1,561	1,561	1,561	1,561	1,561	1,566	-	10,932	11,643
Office expenses	1,374	735	543	1,464	-	4,913	2,824	-	11,853	8,153
Postage and shipping	-	-	-	-	-	-	650	-	650	584
Professional fees	-	-	-	-	-	-	11,823	-	11,823	10,921
Travel	467	9,924	-	6,328	3,645	4,122	2,245	-	26,731	13,855
Total expenses	\$ 46,041	\$ 1,640,352	\$ 21,092	\$ 24,755	\$ 46,216	\$ 92,781	\$ 56,295	\$ 14,935	\$ 1,942,467	\$ 1,278,120

The accompanying notes are an integral part
of these financial statements

**ARIZONA CHAPTER
PARALYZED VETERANS OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

Arizona Chapter Paralyzed Veterans of America, Inc. (AZ PVA) is a non-profit organization established in 1967 for the benefit of veterans who have suffered injuries of the spinal cord. AZ PVA is affiliated with the national organization Paralyzed Veterans of America, Inc. The mission of AZ PVA is to improve the quality of life of U.S. military veterans and all who have experienced spinal cord injury/dysfunction through advocacy to ensure accessibility and equal consideration for proper health care, promotion of sports to provide an experience of freedom and competition, education outreach to notify veterans of the benefits available to them, hospital services to obtain medical care, prosthetics to acquire and distribute medical supplies, and services to keep members connected and informed about current developments in the disabled community.

Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Summarized Comparative Information:

The statements of activities and functional expenses include certain prior year summarized comparative information in total, but not by net asset class and program and supporting activities, and the prior year notes to the financial statements are not presented. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended September 30, 2022, from which the summarized information was derived.

Support and Revenue:

AZ PVA receives support and revenue primarily from the national organization Paralyzed Veterans of America, Inc., corporate, and individual contributions.

Contributions:

Contributions received are recorded without donor restrictions, or with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions expire in the same fiscal year in which the contributions are recognized. Contributions due in less than one year are recorded at their net realizable value. Contributions due in more than one year are measured at the present value of expected future cash flows.

Cash Equivalents:

AZ PVA considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Inventory:

Inventory is recorded at cost or at estimated fair value on the date donated items are received using the first-in, first-out method, and is composed of durable medical equipment.

Property and Equipment:

Property and equipment are recorded at cost or at estimated fair value on the date donated property is received. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. AZ PVA follows the practice of capitalizing all expenditures for equipment of \$1,000 or more. Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from 7 years for furniture and equipment to 40 years for the buildings.

**ARIZONA CHAPTER
PARALYZED VETERANS OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023**

Advertising:

Advertising costs are expensed as incurred. Costs incurred and charged to expense in the year ended September 30, 2023, were \$16,845.

Functional Expenses:

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting activities benefited based upon management estimates. General and administrative expenses include those costs that are not directly identifiable with any specific function, but which provide for the overall support and direction of AZ PVA. Fund raising costs incurred in one year, which may result in contributions received in future years, are expensed as incurred. The indirect expenses that are allocated include salaries and benefits which are allocated based on estimates of time and effort, and computer services, depreciation, insurance, and occupancy which are allocated evenly to programs and administration.

Income Taxes:

AZ PVA is exempt from income taxes under section 501(c)(3) of the Code under a group ruling issued to Paralyzed Veterans of America, Inc. and, therefore, has made no provision for federal income taxes in the accompanying financial statements. There was no taxable unrelated business income in the year ended September 30, 2023. Contributions are tax deductible to donors under section 170 of the Code. The Organization has adopted FASB ASC 740-10-25, which clarifies accounting for uncertainty in income taxes reported in the financial statements. The interpretation provides criteria for assessment of individual tax positions and a process for recognition and measurement of uncertain tax positions. Tax positions are evaluated on whether they meet the "more likely than not" standard for sustainability on examination by tax authorities. AZ PVA does not believe its financial statements contain any uncertain tax positions.

Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences:

Employees are entitled to paid vacation, sick, and personal absences depending on length of service and other factors. The amount of compensation related to these absences cannot be reasonably estimated and, accordingly, no liability has been recorded in the financial statements.

Donated services:

AZ PVA receives a significant amount of donated services from unpaid volunteers who assist in program and management activities. Donated services are recognized as contributions in accordance with FASB *Accounting Standards Codification 958-605, Not-for-Profit Entities - Revenue Recognition*. Donated services are recognized under the accounting standards if they enhance or create non-financial assets or, require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased by the organization if they had not been provided by contribution. These services have not been recognized in the statements because they do not meet the criteria for recognition under the accounting standards.

Subsequent events:

The Organization has evaluated subsequent events through November 29, 2023, the date on which the financial statements were available to be issued.

**ARIZONA CHAPTER
PARALYZED VETERANS OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023**

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2023, was composed of the following:

Land	\$ 160,000
Buildings and improvements	876,787
Furniture and equipment	18,308
Less accumulated depreciation	<u>(74,920)</u>
	980,175
Artwork	8,535
Machine prototype under development	<u>74,898</u>
	<u><u>\$ 1,063,608</u></u>

The provision for depreciation was \$33,188 and \$33,573 for the years ended September 30, 2023, and 2022, respectively.

NOTE 3. FUNDS HELD FOR OTHERS

AZ PVA received a grant of \$17,386 on behalf of the Phoenix VA ALS MDC that is earmarked for the betterment of the ALS Clinic at the VA. The Primary Care Provider and SCI/ALS Clinic social worker have sole discretion on the use of the funds. No funds were disbursed during the year ended September 30, 2023. A compensating balance of cash and cash equivalents is held for this purpose.

NOTE 4. CONTRIBUTED NONFINANCIAL ASSETS

For the year ended September 30, 2023, contributed nonfinancial assets recognized within the statement of activities included:

Medical supplies and durable medical equipment	\$ 1,543,321
Vehicle	49,000
Accounting services	<u>150</u>
	<u><u>\$ 1,592,471</u></u>

Contributed medical supplies and durable medical equipment was provided to various non-profit organizations that provide assistance to veterans and disabled individuals, and to individuals upon request. Contributed medical supplies and equipment are stated at fair value based on medical thrift wholesale value if the items are new or unused, and at a discounted value based on condition if the items are used.

It is the policy of AZ PVA to sell contributed vehicles as soon as practicable upon receipt, and to value the contribution based on the sale proceeds. In 2023 AZ PVA received and sold one vehicle.

There were no donor restrictions on contributed nonfinancial assets in 2023.

**ARIZONA CHAPTER
PARALYZED VETERANS OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023**

NOTE 5. BENEFIT PLANS

AZ PVA maintains a 403(b) retirement plan for its employees. Employer contributions to the plan are made at the discretion of the board. For the year ended September 30, 2023, \$9,016 was contributed to the plan and charged to expense.

NOTE 6. CONCENTRATIONS

AZ PVA receives a significant portion of its support from its national affiliate Paralyzed Veterans of America. Grants received from the national affiliate in 2023 totaled \$150,865.

NOTE 7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

PVA's financial assets as of September 30, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date were as follows:

Financial assets as of September 30, 2023	\$ 267,030
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Funds held for others	<u>(17,386)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 249,644</u>

As part of PVA's liquidity management, it invests excess cash in a business savings account.