

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

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

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, 2022, 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, 2022, 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 2021 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 December 10, 2021. In my opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Paul A. Donis, CPA, PC

Scottsdale, Arizona
January 20, 2023

**ARIZONA CHAPTER
PARALYZED VETERANS OF AMERICA, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021**

ASSETS	2022	2021
Cash and cash equivalents	\$ 215,730	\$ 373,332
Employee advances	25	25
Prepaid expenses	2,722	13,412
Inventory	8,715	8,810
Property and equipment, net	1,128,112	1,107,764
Deposits	1,500	-
Total assets	\$ 1,356,804	\$ 1,503,343
LIABILITIES		
Accrued expenses	\$ 2,618	\$ 30,320
Accrued payroll taxes and employee benefits	2,209	2,176
Tenant deposits	1,200	-
Funds held for others	17,386	17,386
Total liabilities	23,413	49,882
NET ASSETS		
Without donor restrictions	1,333,391	1,453,461
Total net assets	1,333,391	1,453,461
Total liabilities and net assets	\$ 1,356,804	\$ 1,503,343

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, 2021
YEAR ENDED SEPTEMBER 30, 2022**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE:				
Grants from national affiliate	\$ 167,691	\$ -	\$ 167,691	\$ 153,049
Contributions	81,153	-	81,153	107,944
Donated materials	914,574	-	914,574	952,564
PPP forgiven loan	-	-	-	45,780
Rental income	17,954	-	17,954	1,660
Less rental expenses	(23,347)	-	(23,347)	-
Investment income	25	-	25	44
Gain on sale of assets	-	-	-	481,849
Other income	-	-	-	-
Total support and revenue	<u>1,158,050</u>	<u>-</u>	<u>1,158,050</u>	<u>1,742,890</u>
EXPENSES:				
Program Services:				
Membership and benefits	37,031	-	37,031	48,411
Prosthetics	1,023,330	-	1,023,330	1,061,962
Hospital and services	25,831	-	25,831	22,975
Sports and recreation	39,766	-	39,766	32,541
Advocacy and legislation	27,626	-	27,626	34,674
Education, training and outreach	75,018	-	75,018	63,937
Supporting Activities:				
General and administrative	44,567	-	44,567	52,693
Fund raising	4,951	-	4,951	9,339
Total expenses	<u>1,278,120</u>	<u>-</u>	<u>1,278,120</u>	<u>1,326,532</u>
Change in net assets	(120,070)	-	(120,070)	416,358
NET ASSETS:				
Beginning of year	<u>1,453,461</u>	<u>-</u>	<u>1,453,461</u>	<u>1,037,103</u>
End of year	<u>\$ 1,333,391</u>	<u>\$ -</u>	<u>\$ 1,333,391</u>	<u>\$ 1,453,461</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, 2022 AND 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	2022	2021
Change in net assets	\$ (120,070)	\$ 416,358
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	33,573	20,308
Gain on sale of assets	-	(481,849)
Net donated assets (received) distributed	95	23,165
Change in operating assets and liabilities:		
Employee advances	-	(25)
Prepaid expenses	10,690	(12,357)
Deposits	(1,500)	-
Accrued expenses	(27,702)	30,250
Tenant deposits	1,200	-
Accrued payroll taxes and employee benefits	33	(70)
Net cash provided (used) by operating activities	(103,681)	(4,220)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(53,921)	(968,392)
Proceeds from sale of assets	-	819,708
Net cash provided (used) by investing activities	(53,921)	(148,684)
 Net change in cash and cash equivalents	(157,602)	(152,904)
 CASH AND CASH EQUIVALENTS		
Beginning of year	373,332	526,236
End of year	\$ 215,730	\$ 373,332
 SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES		
Donated property and equipment received	\$ 914,574	\$ 952,564
Donated property and equipment distributed	(914,669)	(975,729)
Net donated assets received (distributed)	\$ (95)	\$ (23,165)

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, 2021
YEAR ENDED SEPTEMBER 30, 2022**

	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	2022	2021
Salaries and wages	\$ 28,326	\$ 73,241	\$ 15,548	\$ 14,686	\$ 20,683	\$ 38,840	\$ 17,152	\$ 4,392	\$ 212,868	\$ 200,315
Payroll taxes	2,214	5,740	1,211	1,141	1,608	3,036	1,333	345	16,628	17,592
Employee benefits	841	2,425	800	734	1,016	1,913	867	214	8,810	8,901
Salaries and benefits	\$ 31,381	\$ 81,406	\$ 17,559	\$ 16,561	\$ 23,307	\$ 43,789	\$ 19,352	\$ 4,951	\$ 238,306	\$ 230,367
Advertising and promotion	206	-	310	798	-	15,514	1,204	-	18,032	13,743
Awards and grants	91	100	3,046	6,000	-	5,875	475	-	15,587	1,583
Board and member expenses	380	448	504	72	-	338	387	-	2,129	1,681
Computer services	665	665	665	665	665	665	663	-	4,653	7,181
Contract services	-	1,720	-	-	-	-	-	-	1,720	-
Depreciation	629	10,109	629	11,178	629	629	626	-	24,429	20,308
Dues and subscriptions	-	-	-	-	-	160	214	-	374	627
Donated materials	-	914,669	-	-	-	-	-	-	914,669	975,729
Insurance	1,418	1,418	1,418	1,418	1,418	1,418	2,707	-	11,215	9,258
Miscellaneous	-	220	-	-	-	104	1,526	-	1,850	2,001
Occupancy	1,607	1,607	1,607	1,607	1,607	2,001	1,607	-	11,643	35,162
Office expenses	419	3,305	13	338	-	620	3,458	-	8,153	5,470
Postage and shipping	-	59	-	-	-	500	25	-	584	839
Professional fees	-	-	80	-	-	-	10,841	-	10,921	11,382
Travel	235	7,604	-	1,129	-	3,405	1,482	-	13,855	11,201
Total expenses	\$ 37,031	\$ 1,023,330	\$ 25,831	\$ 39,766	\$ 27,626	\$ 75,018	\$ 44,567	\$ 4,951	\$ 1,278,120	\$ 1,326,532

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, 2022**

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, 2021, 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 donated medical supplies, prosthetics and thrift items.

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, 2022**

Advertising:

Advertising costs are expensed as incurred. Costs incurred and charged to expense in the year ended September 30, 2022 were \$18,032.

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, 2022. 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 January 20, 2023, the date 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, 2022**

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2022, was composed of the following:

Land	\$ 160,000
Buildings and improvements	876,787
Furniture and equipment	108,233
Less accumulated depreciation	<u>(100,341)</u>
	1,044,679
Artwork	8,535
Machine prototype under development	<u>74,898</u>
	<u>\$ 1,128,112</u>

Depreciation expense was \$33,573 and \$20,308 for the years ended September 30, 2022 and 2021, 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, 2022. A compensating balance of cash and cash equivalents is held for this purpose.

NOTE 4. 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, 2022, \$8,810 was contributed to the plan and charged to expense.

NOTE 5. 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 2022 totaled \$167,691.

NOTE 6. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

PVA's financial assets as of September 30, 2022, 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:

**ARIZONA CHAPTER
PARALYZED VETERANS OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022**

Financial assets as of September 30, 2022	\$ 217,255
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>\$ 199,869</u>

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

NOTE 7. SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated closures. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, AZ PVA expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.