

Minnesota
Paralyzed Veterans
of America

Audited Financial
Statements

For the years ended
September 30, 2021 and
2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of
Minnesota Paralyzed Veterans of America
Minneapolis, MN

We have audited the accompanying financial statements of Minnesota Paralyzed Veterans of America (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021 and September 30, 2020, and the related statements of activities and cash flows for the years ended September 30, 2021 and 2020, 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 audit. We conducted our audit 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 Minnesota Paralyzed Veterans of America as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years ended September 30, 2021 and 2020 in accordance with accounting principles generally accepted in the United States of America.

Jason F. Clausen, P.C.

Fraser, MI
January 25, 2022

MINNESOTA PARALYZED VETERANS OF AMERICA
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 249,538	\$ 191,423
Grants receivable, net	23,814	9,971
Prepaid expenses	-	12,051
Inventories	10,227	16,199
Marketable securities	<u>569,154</u>	<u>487,811</u>
 Total current assets	 <u>852,733</u>	 <u>717,455</u>
 Property and equipment	 99,580	 99,580
Less: accumulated depreciation	<u>(97,409)</u>	<u>(95,025)</u>
 Net property and equipment	 <u>2,171</u>	 <u>4,555</u>
 Total assets	 <u>854,904</u>	 <u>722,010</u>
 <u>Liabilities and net assets</u>		
Liabilities		
Accounts payable and accrued expenses	<u>8,178</u>	<u>1,569</u>
 Total current liabilities	 <u>8,178</u>	 <u>1,569</u>
 Total liabilities	 <u>8,178</u>	 <u>1,569</u>
 Net assets		
Net assets without donor restrictions	846,726	720,441
Net assets with donor restrictions	<u>-</u>	<u>-</u>
 Total net assets	 <u>846,726</u>	 <u>720,441</u>
 Total liabilities and net assets	 <u>\$ 854,904</u>	 <u>\$ 722,010</u>

See independent auditor's report and financial statements

MINNESOTA PARALYZED VETERANS OF AMERICA
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021			2020
	Net assets without donor restrictions	Net assets with donor restrictions	Total	Total
<u>Support and revenue</u>				
Contributions	\$ 40,374	\$ -	\$ 40,374	\$ 38,816
Investment income	81,611	-	81,611	19,314
In-kind donations	41,800	-	41,800	43,845
State grants	35,712	-	35,712	75,349
PVA grants	148,356	-	148,356	142,845
Merchandise sales	3,846	-	3,846	7,254
Cost of sales	(6,017)	-	(6,017)	(5,653)
Other	9,886	-	9,886	6,664
Net assets released from restrictions	-	-	-	-
Total support and revenue	355,568	-	355,568	328,434
<u>Expense</u>				
<u>Program services</u>				
Advocacy, liaison, and service	70,962	-	70,962	90,148
Sports and recreation	74,300	-	74,300	57,156
Communication	25,271	-	25,271	25,296
Membership	22,600	-	22,600	28,503
Total program services	193,133	-	193,133	201,103
<u>Supporting services</u>				
Management and general	25,883	-	25,883	24,487
Fundraising	10,267	-	10,267	11,338
Total expense	229,283	-	229,283	236,928
Change in net assets	126,285	-	126,285	91,506
Net assets, beginning of period	720,441	-	720,441	628,935
Net assets, end of period	\$ 846,726	\$ -	\$ 846,726	\$ 720,441

See independent auditor's report and financial statements

MINNESOTA PARALYZED VETERANS OF AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Description	Program Services				Supporting Services			Total
	Advocacy Liaison Service	Sports and Recreation	Communication	Membership	Total Program Services	Management and General	Fundraising	
Salaries and wages	\$ 20,772	\$ 4,743	\$ 6,924	\$ 4,743	\$ 37,182	\$ 4,744	\$ 4,743	\$ 46,669
Employee benefits	1,281	427	427	427	2,562	427	427	3,416
Payroll taxes	282	94	94	94	564	94	94	752
Total salaries and related expenses	22,335	5,264	7,445	5,264	40,308	5,265	5,264	50,837
Supplies	149	37	38	294	518	1,585	37	2,140
Telephone	817	239	239	239	1,534	7,871	239	9,644
Postage and shipping	-	-	-	759	759	561	27	1,347
Travel	2,493	13	-	53	2,559	3,586	407	6,552
Program events	18,085	60,426	500	-	79,011	-	-	79,011
Professional services	1,782	594	594	594	3,564	594	594	4,752
Insurance	-	1,504	-	5,149	6,653	2,998	-	9,651
Bank and credit processing fees	-	-	-	-	-	-	200	200
Conferences and meetings	-	-	-	3,413	3,413	-	-	3,413
Printing and publications	-	-	8,097	-	8,097	-	-	8,097
Equipment rental and maintenance	3,579	-	-	-	3,579	-	-	3,579
Website	-	-	1,800	-	1,800	-	-	1,800
Miscellaneous	3,053	-	335	612	4,000	-	76	4,076
In-kind occupancy	9,375	3,125	3,125	3,125	18,750	3,125	3,125	25,000
In-kind auto lease	8,400	2,800	2,800	2,800	16,800	-	-	16,800
Depreciation	894	298	298	298	1,788	298	298	2,384
Total expenses on the statement of activities	\$ 70,962	\$ 74,300	\$ 25,271	\$ 22,600	\$ 193,133	\$ 25,883	\$ 10,267	\$ 229,283

See independent auditor's report and financial statements

MINNESOTA PARALYZED VETERANS OF AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Description	Program Services				Total Program Services	Supporting Services		Total
	Advocacy Liaison Service	Sports and Recreation	Communication	Membership		Management and General	Fundraising	
Salaries and wages	\$ 21,828	\$ 4,958	\$ 7,276	\$ 4,958	\$ 39,020	\$ 4,958	\$ 4,958	\$ 48,936
Employee benefits	1,155	385	385	385	2,310	385	385	3,080
Payroll taxes	2,560	853	853	853	5,119	853	853	6,825
Total salaries and related expenses	25,543	6,196	8,514	6,196	46,449	6,196	6,196	58,841
Supplies	722	37	37	504	1,300	3,886	37	5,223
Telephone	648	216	216	216	1,296	216	216	1,728
Postage and shipping	210	70	70	70	420	490	70	980
Travel	1,299	146	63	167	1,675	5,893	431	7,999
Program events	10,540	41,626	500	-	52,666	-	-	52,666
Professional services	1,125	375	375	375	2,250	375	375	3,000
Insurance	-	2,359	-	4,878	7,237	2,535	-	9,772
Bank and credit processing fees	-	-	-	-	-	657	327	984
Conferences and meetings	-	-	-	8,400	8,400	161	-	8,561
Donations	6,000	-	-	-	6,000	-	-	6,000
Printing and publications	-	-	7,590	1,343	8,933	175	-	9,108
Equipment rental and maintenance	5,304	-	-	-	5,304	-	-	5,304
Memorials	-	-	-	223	223	-	-	223
Website	-	-	1,800	-	1,800	-	-	1,800
Miscellaneous	20,361	-	-	-	20,361	572	355	21,288
In-kind occupancy	9,375	3,125	3,125	3,125	18,750	3,125	3,125	25,000
In-kind auto lease	8,400	2,800	2,800	2,800	16,800	-	-	16,800
Depreciation	621	206	206	206	1,239	206	206	1,651
Total expenses on the statement of activities	\$ 90,148	\$ 57,156	\$ 25,296	\$ 28,503	\$ 201,103	\$ 24,487	\$ 11,338	\$ 236,928

See independent auditor's report and financial statements

MINNESOTA PARALYZED VETERANS OF AMERICA
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 126,285	\$ 91,506
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,384	1,651
Net investment income	(81,611)	(19,314)
<u>Changes in operating assets and liabilities</u>		
(Increase) decrease in grant receivable	(13,843)	5,307
(Increase) decrease in prepaid expenses	12,051	(3,021)
Decrease in inventory	5,972	584
Increase (decrease) in accounts payable	6,609	(11,244)
Net cash provided by operating activities	57,847	65,469
<u>Cash flows from investing activities</u>		
Net cash received from sale of investments	268	1,359
Net increase in cash and cash equivalents	58,115	66,828
Cash and cash equivalents, beginning of period	191,423	124,595
Cash and cash equivalents, end of period	\$ 249,538	\$ 191,423

The Chapter paid \$0 for interest for the fiscal years ended September 30, 2021 and 2020.

MINNESOTA PARALYZED VETERANS OF AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 1 – NATURE OF ACTIVITIES

Minnesota Paralyzed Veterans of America (the "Organization") is a Minnesota nonprofit, and is an affiliated chapter of Paralyzed Veterans of America, (the "National Organization"). The Organization was formed to aid and assist veterans who have suffered injuries or diseases of the spinal cord, to advocate and promote medical research and programs in fields connected with injuries and diseases of the spinal cord, and to promote legislative provisions for barrier free designs. The Organization is supported primarily through the National Organization, contributions, grants, and various fundraising events. The Organization operates the following major programs:

- Advocacy, Liaison, and Service – advocating for the civil rights of its members, provision liaison with VA Medical Centers, or other institution where members receive health care, and assisting its members in applying for and obtaining veterans benefits
- Sports and Recreation – assisting the expansion of both the quality and quantity of opportunities in sports and recreation, especially those activities which enhance lifetime health and fitness
- Communication – reporting its activities to its membership, other chapters, the National Office, and national officers
- Membership – maintaining membership

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

Basis of Accounting

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

Classification of Net Assets

The Organization prepares its financial statements in accordance with FASB ASC 958-205, "Financial Statements of Not-for-Profit Organizations". Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. As permitted under the provisions of FASB 958-605, the Organization records donor-restricted contributions whose restrictions have been satisfied in the same reporting period as unrestricted support in such year.

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash and cash equivalents with high credit quality financial institutions. From time to time, the Organization's balances in its bank accounts exceed Federal Deposit Insurance Corporation limits. The Organization periodically evaluates the risk of exceeding insurance levels and may transfer funds as it deems appropriate. At September 30, 2021 and 2020, the Organization did not have any deposits in excess of federally insured limits.

Current Financial Assets

The Organization has \$842,506 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$249,538, grant receivables of \$23,814, and investments of \$569,154. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to

MINNESOTA PARALYZED VETERANS OF AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES
(CONTINUED)**

maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$38,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Inventory

Inventory consists of ramps and leg bands sold to members for use during bowling. All inventory is carried at cost.

Donations

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of 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.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$2,500. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

Use of Estimates

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

Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

Functional Reporting of Expenses

For the years ended September 30, 2021 and 2020, the costs of providing the various programs and other 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.

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MINNESOTA PARALYZED VETERANS OF AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 3 - FAIR VALUE MEASUREMENTS

Generally Accepted Accounting principles 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 assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under Generally Accepted Accounting Principles are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of this asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lower level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Money market funds: Valued at the fair value of the fund at the close of the stock market on the last business day of the year.

Securities: Valued at the accumulated unit value of the units held at the end of the year.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or future fair values. Furthermore, although the Plan 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 fair value measurement at the reporting date.

MINNESOTA PARALYZED VETERANS OF AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Investments are state at their fair values, and consist of money market and equity investment as follows:

		In Active Markets for Identical	Significant Other Observable	Significant Unobservable
<u>September 30, 2021</u>	<u>Fair Value</u>	<u>Assets (Level 1)</u>	<u>Inputs (Level 2)</u>	<u>Inputs (Levels 3)</u>
Money Market Funds	\$ 4,231	\$ 4,231	\$ -0-	\$ -0-
Mutual Funds	417,086	417,086	-0-	-0-
Securities	<u>147,837</u>	<u>147,837</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 569,154</u>	<u>\$ 569,154</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Investment income for the fiscal year ended September 30, 2021, reported as a net of realized gains and losses, dividends and interest of \$13,893, brokerage fees of \$6,279, and unrealized market fluctuations was \$73,997.

		In Active Markets for Identical	Significant Other Observable	Significant Unobservable
<u>September 30, 2020</u>	<u>Fair Value</u>	<u>Assets (Level 1)</u>	<u>Inputs (Level 2)</u>	<u>Inputs (Levels 3)</u>
Money Market Funds	\$ 4,551	\$ 4,551	\$ -0-	\$ -0-
Mutual Funds	370,378	370,378	-0-	-0-
Securities	<u>112,882</u>	<u>112,882</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 487,811</u>	<u>\$ 487,811</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Investment income for the fiscal year ended September 30, 2020, reported as a net of realized gains and losses, dividends and interest of \$1,359, brokerage fees of \$5,122, and unrealized market fluctuations was \$23,077.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 33,173	\$ 33,173
Vehicles	<u>66,407</u>	<u>66,407</u>
Total	\$ 99,580	\$ 99,580
Less: Accumulated depreciation	<u>97,409</u>	<u>95,025</u>
Net property and equipment	<u>\$ 2,171</u>	<u>\$ 4,555</u>

See independent auditor's report and financial statements

MINNESOTA PARALYZED VETERANS OF AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 4 – PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense for the fiscal years ended September 30, 2021 and 2020 was \$2,384 and \$1,651 respectively.

NOTE 5 – RETIREMENT PLAN

The Organization offers its employees a 401(k) retirement plan. The total retirement plan expense for the fiscal years ended September 30, 2021 and 2020 was \$3,416 and \$3,080 respectively.

NOTE 6 – IN-KIND CONTRIBUTIONS

Donated contributions are reflected in the accompanying statements at their estimated values at date of receipt.

During the fiscal years ended September 30, 2021 and 2020, the Organization was donated the use of space and equipment for its operations. The estimated value of this donated space was \$25,000 and meets the criteria for recognition on the statement of activities and net assets.

The organization was also donated a vehicle for use. The donor retains title, and the in-kind donation is computed based upon the estimated cost of a lease for a similar vehicle. For the fiscal years ended September 30, 2021 and 2020, the value recognized for the use of this vehicle was \$16,800.

Directors, officers, and a substantial number of volunteers have donated significant amounts of their time to develop the Organization and assist in the operation of its various programs. No amounts have been recognized in the accompanying statement of activities and changes in net assets because the criteria for recognition of such efforts under GAAP have not been satisfied.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

As of September 30, 2021, and 2020, the Organization did not have any net assets with donor restrictions.

NOTE 8 – LEASES

The Organization rents a storage locker on a month-to-month basis. Total lease expense for the fiscal years ended September 30, 2021 and 2020 was \$3,579 and \$5,304 respectively.

NOTE 9 – CONCENTRATIONS

Credit Risk

The Organization has significant amounts invested in mutual funds and equities, which are subject to fluctuations in market value.

Funding Source

The Organization relies on the National Office of Paralyzed Veterans. Approximately 42% of the Organization's revenue was received through the National Office.

See independent auditor's report and financial statements

MINNESOTA PARALYZED VETERANS OF AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 10 – COMPARATIVE STATEMENTS

Comparative Data

Certain amounts shown for the year ended September 30, 2020 in the accompanying financial statements are included to provide a basis for comparison with 2021 and present summarized totals only. Accordingly, the 2020 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2020, from which the summarized information was derived.

Reclassification

Certain 2020 amounts have been reclassified to conform to the 2021 statement presentation.

NOTE 11 – DATE OF MANAGEMENT'S REVIEW

The financial statements have been reviewed by management through the date of this report, which is the date the financial statements were available to be issued.