

# **CONSOLIDATED FINANCIAL STATEMENTS**



**Paralyzed  
Veterans  
of America**

**FOR THE YEARS ENDED  
JUNE 30, 2021 AND 2020**

# PARALYZED VETERANS OF AMERICA

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**CPAs & ADVISORS**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Paralyzed Veterans of America  
Washington, D.C.

We have audited the accompanying consolidated financial statements of Paralyzed Veterans of America (PVA), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL**  
**MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION**

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of PVA as of June 30, 2021 and 2020, and the consolidated changes in its net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Gelman Rosenberg & Freedman*

October 18, 2021

**PARALYZED VETERANS OF AMERICA**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2021 AND 2020**

**ASSETS**

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 15,440,894	\$ 15,657,662
Investments	72,643,405	44,686,346
Contributions receivable	267,807	577,691
Accounts and pledges receivable, net	1,116,568	692,778
Legacies and bequests receivable, net	7,283,922	11,069,663
Prepaid expenses	1,288,280	377,007
Fixed assets, net of accumulated depreciation and amortization	5,538,665	5,969,555
Right of use asset	<u>736,463</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$104,316,004</u></b>	<b><u>\$ 79,030,702</u></b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Finance lease liability	\$ 519,867	\$ 806,432
Operating lease liability	747,695	-
Accounts payable and accrued liabilities	4,291,671	5,744,596
Annuities payable	157,172	173,323
Accrued compensation and compensated absences	1,976,923	1,813,858
Grants payable	759,312	772,051
Deferred revenue	<u>1,074,075</u>	<u>234,500</u>
Total liabilities	<u>9,526,715</u>	<u>9,544,760</u>

**NET ASSETS**

Without donor restrictions:		
Undesignated - available for program and supporting activities	20,744,052	65,481,131
Board designated	<u>69,998,020</u>	<u>638,158</u>
Total without donor restrictions	90,742,072	66,119,289
With donor restrictions	<u>4,047,217</u>	<u>3,366,653</u>
Total net assets	<u>94,789,289</u>	<u>69,485,942</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 104,316,004</u></b>	<b><u>\$ 79,030,702</u></b>

## PARALYZED VETERANS OF AMERICA

**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 87,795,545	\$ 1,156,790	\$ 88,952,335
Legacies and bequests	14,915,219	-	14,915,219
Contributed services and materials	57,519,823	-	57,519,823
Publications	140,616	-	140,616
Other revenue	1,469,807	-	1,469,807
Net assets released from donor restrictions	<u>1,118,001</u>	<u>(1,118,001)</u>	<u>-</u>
Total revenue and support	<u>162,959,011</u>	<u>38,789</u>	<u>162,997,800</u>
<b>EXPENSES</b>			
Program Services:			
VA Benefits and Medical Advocacy Services	15,381,447	-	15,381,447
Public Education	79,936,648	-	79,936,648
Advocacy	1,674,271	-	1,674,271
Sports and Recreation	891,952	-	891,952
Research, Consumer and Professional Education	3,508,703	-	3,508,703
Chapter and Community Outreach	<u>4,850,598</u>	<u>-</u>	<u>4,850,598</u>
Total program services	<u>106,243,619</u>	<u>-</u>	<u>106,243,619</u>
Supporting Services:			
General and Administrative	10,222,013	-	10,222,013
Fundraising	<u>35,060,751</u>	<u>-</u>	<u>35,060,751</u>
Total supporting services	<u>45,282,764</u>	<u>-</u>	<u>45,282,764</u>
Total expenses	<u>151,526,383</u>	<u>-</u>	<u>151,526,383</u>
Changes in net assets before other item	11,432,628	38,789	11,471,417
<b>OTHER ITEM</b>			
Investment income, net	<u>13,190,155</u>	<u>641,775</u>	<u>13,831,930</u>
Changes in net assets	24,622,783	680,564	25,303,347
Net assets at beginning of year	<u>66,119,289</u>	<u>3,366,653</u>	<u>69,485,942</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 90,742,072</u></b>	<b><u>\$ 4,047,217</u></b>	<b><u>\$ 94,789,289</u></b>

PARALYZED VETERANS OF AMERICA

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 70,925,035	\$ 1,974,287	\$ 72,899,322
Legacies and bequests	14,904,593	10,000	14,914,593
Contributed services and materials	53,989,610	-	53,989,610
Publications	162,968	-	162,968
Other revenue	2,674,942	-	2,674,942
Net assets released from donor restrictions	<u>3,007,146</u>	<u>(3,007,146)</u>	<u>-</u>
Total revenue and support	<u>145,664,294</u>	<u>(1,022,859)</u>	<u>144,641,435</u>
<b>EXPENSES</b>			
Program Services:			
VA Benefits and Medical Advocacy Services	16,886,293	-	16,886,293
Public Education	72,499,116	-	72,499,116
Advocacy	1,796,533	-	1,796,533
Sports and Recreation	2,157,808	-	2,157,808
Research, Consumer and Professional Education	2,752,694	-	2,752,694
Chapter and Community Outreach	<u>4,673,137</u>	<u>-</u>	<u>4,673,137</u>
Total program services	<u>100,765,581</u>	<u>-</u>	<u>100,765,581</u>
Supporting Services:			
General and Administrative	9,374,254	-	9,374,254
Fundraising	<u>33,556,766</u>	<u>-</u>	<u>33,556,766</u>
Total supporting services	<u>42,931,020</u>	<u>-</u>	<u>42,931,020</u>
Total expenses	<u>143,696,601</u>	<u>-</u>	<u>143,696,601</u>
Changes in net assets before other item	1,967,693	(1,022,859)	944,834
<b>OTHER ITEM</b>			
Investment income, net	<u>3,997,088</u>	<u>61,826</u>	<u>4,058,914</u>
Changes in net assets	5,964,781	(961,033)	5,003,748
Net assets at beginning of year	<u>60,154,508</u>	<u>4,327,686</u>	<u>64,482,194</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 66,119,289</u></b>	<b><u>\$ 3,366,653</u></b>	<b><u>\$ 69,485,942</u></b>

## PARALYZED VETERANS OF AMERICA

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services						Supporting Services			Total Expenses	
	VA Benefits and Medical Advocacy Services	Public Education	Advocacy	Sports and Recreation	Research, Consumer and Professional Education	Chapter and Community Outreach	Total Program Services	General and Administrative	Fundraising		Total Supporting Services
Grants to organizations and individuals	\$ 1,500	\$ 64,645	\$ -	\$ 25,573	\$ 2,763,912	\$ 4,850,598	\$ 7,706,228	\$ -	\$ -	\$ -	\$ 7,706,228
Salaries and wages	8,840,002	659,976	1,092,723	445,805	234,668	-	11,273,174	3,334,955	1,568,420	4,903,375	16,176,549
Pension plan contributions	585,838	27,493	38,437	19,613	7,880	-	679,261	129,583	66,718	196,301	875,562
Other employee benefits	1,852,373	175,020	308,991	119,058	66,442	-	2,521,884	905,193	403,620	1,308,813	3,830,697
Payroll taxes	819,985	38,481	53,800	27,451	11,030	-	950,747	181,375	93,383	274,758	1,225,505
Legal fees	-	-	-	-	-	-	-	21,729	249,650	271,379	271,379
Accounting fees	-	-	-	-	-	-	-	110,597	-	110,597	110,597
Professional fundraising fees	-	-	-	-	-	-	-	-	335,252	335,252	335,252
Other professional and consulting	295,216	1,312,481	5,890	71,730	385,882	-	2,071,199	289,391	850,813	1,140,204	3,211,403
Donated public service announcements	-	56,550,480	-	-	-	-	56,550,480	-	-	-	56,550,480
Advertising and promotion	46,138	1,290,338	7,370	531	-	-	1,344,377	911,347	328,875	1,240,222	2,584,599
Office expenses	266,536	104,315	17,970	58,520	5,719	-	453,060	278,378	26,698	305,076	758,136
Information technology	739,861	33,949	47,464	25,345	9,731	-	856,350	341,420	82,387	423,807	1,280,157
Occupancy	1,557,551	21,635	30,247	17,650	6,201	-	1,633,284	110,855	52,502	163,357	1,796,641
Conferences, conventions and meetings	36,334	105,623	17,789	57,038	13,433	-	230,217	396,629	58,904	455,533	685,750
Interest	2,811	132	184	94	38	-	3,259	16,005	320	16,325	19,584
Depreciation and amortization	220,068	10,328	14,439	15,726	2,960	-	263,521	143,101	308,395	451,496	715,017
Insurance	-	-	-	-	-	-	-	438,767	-	438,767	438,767
Mail program - fundraising	-	19,496,618	-	-	-	-	19,496,618	2,527,673	30,706,856	33,234,529	52,731,147
Printing and publications	106,360	33,040	140	-	-	-	139,540	1,020	-	1,020	140,560
Bad debt expense/recovery	(1,327)	-	-	-	21	-	(1,306)	-	(235,059)	(235,059)	(236,365)
Other expenses	12,201	12,094	38,827	7,818	786	-	71,726	83,995	163,017	247,012	318,738
<b>TOTAL</b>	<b>\$ 15,381,447</b>	<b>\$ 79,936,648</b>	<b>\$ 1,674,271</b>	<b>\$ 891,952</b>	<b>\$ 3,508,703</b>	<b>\$ 4,850,598</b>	<b>\$ 106,243,619</b>	<b>\$ 10,222,013</b>	<b>\$ 35,060,751</b>	<b>\$ 45,282,764</b>	<b>\$ 151,526,383</b>

See accompanying notes to consolidated financial statements.



## PARALYZED VETERANS OF AMERICA

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services						Supporting Services			Total Expenses	
	VA Benefits and Medical Advocacy Services	Public Education	Advocacy	Sports and Recreation	Research, Consumer and Professional Education	Chapter and Community Outreach	Total Program Services	General and Administrative	Fundraising		Total Supporting Services
Grants to organizations and individuals	\$ -	\$ 45,104	\$ -	\$ 74,255	\$ 1,462,504	\$ 4,671,670	\$ 6,253,533	\$ 5,000	\$ -	\$ 5,000	\$ 6,258,533
Salaries and wages	9,651,044	756,268	1,075,717	541,869	218,142	-	12,243,040	3,019,447	1,694,093	4,713,540	16,956,580
Pension plan contributions	601,044	35,386	21,700	21,700	7,233	-	687,063	115,715	54,241	169,956	857,019
Other employee benefits	1,895,881	154,352	327,322	136,366	58,251	-	2,572,172	718,395	467,846	1,186,241	3,758,413
Payroll taxes	893,712	52,617	32,266	32,266	10,755	-	1,021,616	172,060	80,652	252,712	1,274,328
Legal fees	-	-	-	-	-	-	-	54,779	239,575	294,354	294,354
Accounting fees	-	-	-	-	-	-	-	197,161	-	197,161	197,161
Professional fundraising fees	-	-	-	-	-	-	-	-	46,901	46,901	46,901
Other professional and consulting	448,776	1,369,014	20,473	284,632	311,959	-	2,434,854	316,310	1,063,957	1,380,267	3,815,121
Donated public service announcements	-	52,881,524	-	-	-	-	52,881,524	-	-	-	52,881,524
Advertising and promotion	71,430	1,013,814	4,006	9,963	-	-	1,099,213	391,894	28,825	420,719	1,519,932
Office expenses	186,538	79,106	4,347	131,029	23,450	-	424,470	326,815	9,473	336,288	760,758
Information technology	677,852	113,127	13,252	14,204	4,417	-	822,852	339,192	33,628	372,820	1,195,672
Occupancy	1,693,101	32,354	19,840	21,476	6,613	-	1,773,384	153,518	49,593	203,111	1,976,495
Conferences, conventions and meetings	321,500	102,132	223,379	878,368	643,224	1,467	2,170,070	647,735	479,393	1,127,128	3,297,198
Interest	2,323	137	84	84	28	-	2,656	92,254	210	92,464	95,120
Depreciation and amortization	259,507	157,133	9,369	9,369	3,123	-	438,501	161,428	94,251	255,679	694,180
Insurance	-	-	-	-	-	-	-	262,685	-	262,685	262,685
Mail program - fundraising	-	15,497,613	-	-	-	-	15,497,613	2,324,347	28,747,827	31,072,174	46,569,787
Printing and publications	174,116	196,664	38,241	-	-	-	409,021	53,081	-	53,081	462,102
Bad debt expense/recovery	-	-	-	-	-	-	-	1,900	342,891	344,791	344,791
Other expenses	9,469	12,771	6,537	2,227	2,995	-	33,999	20,538	123,410	143,948	177,947
<b>TOTAL</b>	<b>\$ 16,886,293</b>	<b>\$ 72,499,116</b>	<b>\$ 1,796,533</b>	<b>\$ 2,157,808</b>	<b>\$ 2,752,694</b>	<b>\$ 4,673,137</b>	<b>\$ 100,765,581</b>	<b>\$ 9,374,254</b>	<b>\$ 33,556,766</b>	<b>\$ 42,931,020</b>	<b>\$ 143,696,601</b>

See accompanying notes to consolidated financial statements.

## PARALYZED VETERANS OF AMERICA

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 25,303,347	\$ 5,003,748
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	715,017	694,180
Unrealized (gain) loss	(11,569,606)	3,354,531
Realized gain	(1,293,874)	(6,260,323)
Gain on disposal of capital lease	-	(23,379)
Change in the allowance for doubtful accounts for accounts and pledges receivable	(2,455)	(4,476)
Change in the allowance for doubtful accounts for legacies and bequests receivable	(235,529)	194,252
Change in discount on long-term legacies and bequests receivable	40,773	436,417
Donated stock and property	-	(34,239)
Change in measurement of operating lease	11,232	-
Decrease (increase) in:		
Contributions receivable	309,884	(479,123)
Accounts and pledges receivable	(421,335)	(14,187)
Legacies and bequests receivable	3,980,497	(3,885,047)
Prepaid expenses	(911,273)	952,549
(Decrease) increase in:		
Accounts payable and accrued liabilities	(1,452,925)	3,008,242
Annuities payable	(16,151)	(112,252)
Accrued compensation and compensated absences	163,065	315,366
Grants payable	(12,739)	56,666
Deferred revenue	<u>839,575</u>	<u>(669,154)</u>
Net cash provided by operating activities	<u>15,447,503</u>	<u>2,533,771</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(284,127)	(805,296)
Purchase of investments	(20,513,796)	(10,198,815)
Proceeds from sale of investments	<u>5,420,217</u>	<u>19,907,358</u>
Net cash (used) provided by investing activities	<u>(15,377,706)</u>	<u>8,903,247</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on finance lease liability	<u>(286,565)</u>	<u>(441,342)</u>
Net cash used by financing activities	<u>(286,565)</u>	<u>(441,342)</u>
Net (decrease) increase in cash and cash equivalents	(216,768)	10,995,676
Cash and cash equivalents at beginning of year	<u>15,657,662</u>	<u>4,661,986</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 15,440,894</u></b>	<b><u>\$ 15,657,662</u></b>

PARALYZED VETERANS OF AMERICA

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest Paid	\$ <u>19,584</u>	\$ <u>95,120</u>
<b>SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:</b>		
Capital Lease Obligation Incurred for Use of Equipment	\$ <u>-</u>	\$ <u>393,710</u>
Right of Use Asset	\$ <u>777,023</u>	\$ <u>-</u>
Operating Lease Liability for Right of Use Asset	\$ <u>777,023</u>	\$ <u>-</u>

## PARALYZED VETERANS OF AMERICA

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

Paralyzed Veterans of America (PVA) is a national, non-profit corporation chartered by the U.S. Congress on August 11, 1971, under Title 36 of the United States Code, Public Law 105-225. Its purposes are to form a national association for the benefit of persons who have suffered injuries or diseases of the spinal cord; to acquaint the public with the needs and problems of paraplegics; to promote medical research in the several fields connected with injuries and diseases of the spinal cord, including research in neurosurgery and orthopedics and in genitourinary and orthopedic appliances; and to advocate and foster complete and effective reconditioning programs for paraplegics, including a thorough physical reconditioning program, physiotherapy, competent walking instructions, adequate guidance (both vocational and educational), academic and vocational education (both in hospitals and in educational institutions), psychological orientation and readjustment to family and friends, and occupational therapy (both functional and diversionary).

PVA is governed by a 50-member Board of Directors (the Board), which includes a nine-member Executive Committee. The Board and/or the Executive Committee must review and approve significant transactions entered into by PVA. In addition to the oversight control administered by the Board, PVA has in place Standards of Conduct to help ensure that the highest ethical principles are followed by the Board, officers, and employees of PVA.

The accompanying consolidated financial statements include the accounts of the following affiliated organizations currently controlled by PVA:

- PVA Spinal Cord Research Foundation (PVA Research Foundation) - a nonprofit corporation established to support research related to spinal cord injury or disease. All PVA Research Foundation funds are designated for use in research related to the problems of paralysis, with certain contributions restricted by the donors for such use.
- PVA Spinal Cord Injury Education and Training Foundation (PVA Education Foundation) - a nonprofit corporation organized and operated for scientific, charitable, and educational purposes to contribute to the education and training of health professionals specializing in spinal cord dysfunction and for any related purposes permitted under law.
- 801 - 18th Street Associates (801) - a joint venture established in 1981 for the purpose of owning and operating PVA's national headquarters building. PVA holds 99% interest, and an affiliate Paralysis Society of America (PSA), holds a 1% interest. PSA ceased operations on September 30, 2000, except for its ownership interest in 801. This association was a defunct company and was closed as of June 30, 2021. The building and land were transferred to PVA.

All material intercompany transactions and accounts have been eliminated in these consolidated financial statements.

PVA's 33 remaining chapters are not consolidated since PVA is not involved with the election of each chapter's officers or appointments and has no role in local chapter management or Board governance.

## PARALYZED VETERANS OF AMERICA

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

**Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

**Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

##### New accounting pronouncements adopted -

During the year ended June 30, 2021, PVA early adopted ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Consolidated Statements of Financial Position and disclosing key information about leasing arrangements. PVA elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases.

During the year ended June 30, 2020, PVA early adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way PVA recognized revenue; however, the presentation and disclosures of revenue have been enhanced. PVA has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

Also during the year ended June 30, 2020, PVA adopted ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions. PVA adopted the ASU using a modified prospective basis.

**PARALYZED VETERANS OF AMERICA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Cash and cash equivalents -

PVA considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, PVA maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income, which is presented net of investment expenses paid to external investment advisors, in the accompanying Consolidated Statements of Activities and Changes in Net Assets.

Receivables -

Contributions receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Accounts, pledges, legacies and bequests receivables are recorded at their net realizable value, which approximates fair value. Receivables that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. Conditional promises to give are not included as support until the conditions are substantially met. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor/customer and other relevant factors.

Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five to ten years. Building improvements are amortized on a straight-line basis over their estimated useful lives. Land is not depreciated or amortized. The PVA headquarters building is fully depreciated.

The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the years ended June 30, 2021 and 2020 totaled \$715,017 and \$694,180, respectively.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Consolidated Statements of Activities and Changes in Net Assets, to its current fair value.

Income taxes -

PVA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. PVA is not a private foundation.

**PARALYZED VETERANS OF AMERICA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Income taxes (continued) -

PVA Research Foundation and PVA Education Foundation have also received IRS determination letters stating that each entity is exempt under Section 501(c)(3) of the Code. The Research and Education Foundations are not private foundations.

Uncertain tax positions -

For the years ended June 30, 2021 and 2020, PVA has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Contributions -

The majority of PVA's revenue is received through contributions, including legacies and bequests. Contributions are recognized in the appropriate category of net assets in the period received. PVA performs an analysis of the individual contribution, grant and contract to determine if the revenue streams follow the contributions rules or if considered an exchange transaction depending on whether the transaction is reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants and contracts qualifying under the contributions rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the condition on which they depend are substantially met. Contributions and grants and contracts qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements. There were no unrecognized conditional contributions as of June 30, 2021 and 2020.

PVA is the beneficiary under various wills. Legacies and bequests are recognized when PVA has an irrevocable right to the gift and the proceeds are readily measurable.

Contributed services and materials -

Contributed services and materials consists primarily of public service announcements and donated space. Contributed services and materials are recorded at their fair value as of the date of the gift. PVA formed a consortium in 1992 with three veterans' service organizations to recruit and train qualified attorneys to donate legal services to individuals who have otherwise been unable to find competent legal representation before the U.S. Court of Appeals for Veterans Claims. PVA does not record any value for these contributed services, as they are provided directly to the benefiting veterans.

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

## PARALYZED VETERANS OF AMERICA

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of PVA are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of headcount for those functional areas to estimate the usage of these centralized services. Fundraising costs incurred in one year, which may result in contributions received in future years, are expensed as incurred. Additionally, advertising costs are expensed as incurred. Joint costs of informational materials or activities that include a fundraising appeal have been allocated between fundraising, public education and general and administrative expenses in accordance with ASC 958-720 *Not-for-Profit Entities - Other Expenses*.

Risks and uncertainties -

PVA invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Fair value measurement -

PVA applies the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. PVA accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact PVA's operations.

The overall potential impact is unknown at this time.

#### 2. DESCRIPTION OF OPERATING PROGRAM AND OPERATING SUPPORT SERVICES

PVA's operating activities include the following program and support services:

***U.S. Department of Veterans Affairs (VA) Benefits and Medical Advocacy Services*** - The VA benefits and medical advocacy services program maintains service offices with trained employees who specialize in helping catastrophically disabled veterans and dependents submit disability-related VA claims and obtain other service-related benefits. PVA maintains 75 offices at VA medical centers and regional offices throughout the United States and Puerto Rico, distributed across three regions with 149 employees to accomplish this goal. PVA provides expert assistance and accredited representation, without charge, to veterans with a spinal cord dysfunction and veterans of all eras seeking health care and other VA benefits to which they are entitled.



## PARALYZED VETERANS OF AMERICA

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### 2. DESCRIPTION OF OPERATING PROGRAM AND OPERATING SUPPORT SERVICES (Continued)

***U.S. Department of Veterans Affairs (VA) Benefits and Medical Advocacy Services (continued)*** - The program also offers career assistance services, including vocational rehabilitation, to assist veterans and caregivers who face barriers to employment with finding training programs and/or career opportunities in both the private and public sector. As of June 30, 2021, there were five vocational rehabilitation offices staffed by certified rehabilitation counselors and an employer network coordinator located at the PVA national office.

The program also includes a medical staff of physicians, architects and registered nurses who partner with service officers and PVA chapter members' on-site teams to monitor the health care provided by the VA to veterans with spinal cord dysfunctions at each VA medical center. There are currently 25 VA hospitals that have specialized spinal cord injury and disorder centers, which are monitored daily by field staff and visited by a site team each year.

The program also provides for the representation of veterans before the VA Board of Veterans' Appeals, the U.S. Court of Appeals for Veterans Claims and the U.S. Court of Appeals for the Federal Circuit. In addition, the program publishes monthly magazines that explore current issues of importance to persons with spinal cord dysfunction and other severe disabilities.

***Public Education*** - PVA's Congressional Charter requires them to educate the general public about spinal cord injury and disease. The public education program develops and distributes educational materials and information about spinal cord injury and disease and its prevention, as well as issues related to living with it. Over the years, PVA has published hundreds of books, pamphlets, guidelines and other materials to educate and assist paralyzed veterans and other individuals with disabilities, the medical and health care community, and the public at large.

To improve spinal cord dysfunction medicine in the health care system throughout the nation, PVA helped organize the Consortium of Spinal Cord Medicine (Consortium) for the development of Clinical Practice Guidelines (CPGs). The Consortium is made up of 23 health care professionals and payer organizations representing physicians, therapists, nurses, psychologists and social workers.

One of the specific PVA publications are CPGs which are guidelines that are universally approved and evidence based, used by professionals, consumers, families and caregivers in guiding health care decisions for people with spinal cord injuries. CPGs have also set a methodology for other medical societies and organizations wishing to create evidence-based clinical practice guidelines.

One goal of PVA is to advance and defend the civil rights of PVA members and all citizens with disabilities by working with all levels and branches of government toward the effective implementation of legislation guaranteeing these rights. PVA distributes information about rights and responsibilities under the Americans with Disabilities Act of 1990, the ADA Amendments Act of 2010, the Fair Housing Amendment Act and the Air Carrier Access Act. PVA also does the following:

- Advocates for and monitors federal legislation and regulations that affect people with disabilities;
- Serves as a resource for people with disabilities and interested parties about civil rights for individuals with disabilities;
- Works for equal access to all modes of transportation, including bus and rail systems and air transportation;
- Advocates for accessible and affordable housing;
- Seeks to replace stereotypes to increase understanding and awareness of the abilities of people with disabilities;

## PARALYZED VETERANS OF AMERICA

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### 2. DESCRIPTION OF OPERATING PROGRAM AND OPERATING SUPPORT SERVICES (Continued)

##### **Public Education (continued) -**

- Works to create opportunities and equal access for people with disabilities to fully participate in and contribute to society; and
- Works to ensure that quality health care and income security are available to all PVA members.

PVA produces a wide variety of publications from brochures and books to programs and awards grants for events and hosts meetings to achieve these goals. These publications and programs cover the full spectrum of PVA concerns - the *Americans with Disabilities Act* and amendments, health care policy, spinal cord research, accessible design, sports and recreation, legislative issues and veterans benefits.

PVA's direct mail outreach supports this initiative, reaching millions of Americans with this important information every day. PVA also produces and creates public service announcements on the public education initiative for television, radio and internet which are shown and heard on hundreds of stations across the nation and on web sites.

PVA's website also serves as a 24-hour vehicle to educate the public about spinal cord injury and disease and its prevention.

**Advocacy** - Advocacy maintains ongoing programs to promote the special needs of spinal cord-injured and individuals with disabilities, including promoting the construction of accessible public and private structures for individuals confined to wheelchairs.

PVA also analyzes health care data involving veterans to ensure that they have access to quality health care throughout the VA health care system. PVA architects, using their expertise in spinal cord injury/disorders design and construction, ensure that VA Medical Center facilities are continuously improved. As a result, these facilities better accommodate and promote the independence of patients with spinal cord injuries. This is accomplished using a wide range of activities that include consulting, the review of VA facility construction projects and the continuous assessment of the needs of veterans with spinal cord injuries or disease.

PVA works closely with federal and state policymakers to initiate and implement legislation that provides necessary benefits and services for veterans, their dependents and their survivors, including compensation, pension, insurance, housing and employment.

The broad spectrum of issues encompassed by these efforts includes:

- Ensuring veterans have access to quality and timely health care at VA medical facilities;
- Promoting and supporting federal research activities that address spinal cord dysfunction and rehabilitation as funded or conducted by such agencies as the Department of Veterans Affairs, National Institutes of Health, Department of Defense, Department of Energy and National Science Foundation;
- Coordinating PVA initiatives regarding federal and state policy matters involving Medicare and Medicaid affecting all veterans with disabilities;
- Adding facilities and programs needed to care for aging veterans including the development of non-institutional methods of long-term care; and promoting realistic, cost-effective funding for the VA.

## PARALYZED VETERANS OF AMERICA

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### 2. DESCRIPTION OF OPERATING PROGRAM AND OPERATING SUPPORT SERVICES (Continued)

**Advocacy (continued)** - PVA, along with four other veterans' service organizations, publishes the "Independent Budget", a detailed annual review of programs and expenditures of the VA. This in-depth document makes specific policy recommendations for the entire range of VA services and programs. To ensure quality care for PVA members under these delivery systems, PVA has developed guidelines for consumers on how to choose managed-care plans. These documents have been widely acclaimed on Capitol Hill and by other Federal and state policymakers and among the private-sector health care community. PVA also serves as the voice for paralyzed veterans on Capitol Hill and assists the 33 PVA chapters in dealing with state governments, testifying regularly on their behalf.

**Sports and Recreation** - The sports and recreation programs have a track record of building camaraderie among participants even as competitors push themselves to achieving personal bests. In outdoor events such as disc golf, bass fishing and hand-cycling or indoor events such as bocchia, billiards, bowling, pool and wheelchair basketball. Athletes who participate derive therapeutic benefits on the physical, emotional and social levels. PVA annually co-presents the National Veterans Wheelchair Games, and sponsors an annual Bass Tour, Trapshoot Circuit and Billiards Tournaments for the benefit of its membership and others with disabilities.

**Research, Consumer and Professional Education** - Research, consumer and professional education awards grants for medical and technological research into the treatment of spinal cord injuries and for the development of rehabilitative methods and devices. It also awards grants to institutions to promote quality of life for people with spinal cord dysfunction through educating and training the entire health professional team, with the patient/client as the central focus.

PVA operates and pays most of the costs of the PVA Research Foundation and the PVA Education Foundation. The Research Foundation is a leading private source of funding for spinal cord injury and disease research. The Education Foundation works to make sure that health professionals who provide care for those with spinal cord injury or disease receive quality, ongoing training, with the goal of enhancing their ability to provide the most up-to-date services.

PVA also facilitates the development and publication of evidence-based clinical practice guidelines. In addition to the aforementioned research initiatives, PVA provides significant financial support to the Center for Neuroscience and Regeneration Research Center at Yale University.

**Chapter and Community Outreach** - Grants are awarded to each of the 33 active PVA chapters across the United States and Puerto Rico to use in promoting the needs of and assisting its members and other spinal-cord-injured and handicapped persons and for local outreach to PVA members and the communities they live in.

**General and Administrative** - General and administrative expenses include the functions necessary to provide the coordination and articulation of PVA's program strategy through the Executive Offices, to secure proper administrative functioning of the Board, to maintain competent legal services for the program administration of PVA, to manage the financial and budgetary responsibilities of PVA, to manage the meetings and conferences of PVA, and to maintain an equitable employment program and ensure an adequate working environment.

**Fundraising** - Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and conducting other activities involved with soliciting contributions from individuals, foundations and others.

**PARALYZED VETERANS OF AMERICA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**3. INVESTMENTS**

Investments consisted of the following as of June 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
	<b>Fair Value</b>	<b>Fair Value</b>
Common and preferred stocks	\$ 60,167,890	\$ 28,951,242
Exchange traded funds	2,778,474	5,269,564
Corporate investment grade bonds	8,683,599	8,541,189
Total return fixed income mutual funds	1,013,442	1,924,351
<b>TOTAL INVESTMENTS</b>	<b>\$ 72,643,405</b>	<b>\$ 44,686,346</b>

Included in investment income, net are the following:

	<b>2021</b>	<b>2020</b>
Interest and dividends	\$ 1,177,239	\$ 1,336,694
Unrealized gain (loss)	11,569,606	(3,354,531)
Realized gain	1,293,874	6,260,323
Investment expenses provided by external investment advisors	(208,789)	(183,572)
<b>TOTAL INVESTMENT INCOME, NET OF INVESTMENT EXPENSES</b>	<b>\$ 13,831,930</b>	<b>\$ 4,058,914</b>

Dividends, realized and unrealized gains and substantially all interest income are not used in operations and; therefore, are reported in the Consolidated Statements of Activities and Changes in Net Assets as an other item unless specifically approved by the Board of Directors.

**4. RECEIVABLES**

Contributions receivable presented in the accompanying consolidated statements of financial position are amounts received by PVA's caging facilities that were not processed as of June 30, 2021 and 2020, respectively. Management has concluded that no allowance is required based on historical collection experience.

Accounts and pledges receivable consisted of the following as of June 30, 2021 and 2020 and are included the accompanying Consolidated Statements of Financial Position:

	<b>2021</b>	<b>2020</b>
Less than one year	\$ 1,128,972	\$ 707,637
Less: Allowance for doubtful accounts	(12,404)	(14,859)
<b>ACCOUNTS AND PLEDGES RECEIVABLE, NET</b>	<b>\$ 1,116,568</b>	<b>\$ 692,778</b>

As of June 30, 2021 and 2020, contributors to PVA have made unconditional promises to give legacies and bequests, of which \$8,131,166 and \$12,111,663, remained due and outstanding.

**PARALYZED VETERANS OF AMERICA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**4. RECEIVABLES (Continued)**

Amounts due beyond one year of the Consolidated Statements of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate of 3.25% and 3.625% for the years ended June 30, 2021 and 2020, respectively. Legacies and bequests receivable consisted of the following as of June 30, 2021 and 2020 and are included in the accompanying Consolidated Statements of Financial Position:

	<b>2021</b>	<b>2020</b>
Less than one year	\$ 1,725,863	\$ 5,762,810
One to five years	6,405,303	6,348,853
Total	8,131,166	12,111,663
Less: Allowance to discount balance to present value	(477,190)	(436,417)
Less: Allowance for doubtful accounts	(370,054)	(605,583)
<b>LEGACIES AND BEQUESTS RECEIVABLE, NET</b>	<b>\$ 7,283,922</b>	<b>\$ 11,069,663</b>

For the year ended June 30, 2021, PVA recovered bad debt of \$236,365 for all receivables. For the year ended June 30, 2020, PVA incurred bad debt expense for all receivables of \$344,791.

**5. FIXED ASSETS**

Fixed assets consisted of the following at June 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Land	\$ 3,351,782	\$ 3,351,782
Building	6,221,490	6,221,490
Office furniture, computer and equipment	6,828,190	6,793,879
Building improvements	4,965,850	6,564,518
Total fixed assets	21,367,312	22,931,669
Less: Accumulated depreciation and amortization	(15,828,647)	(16,962,114)
<b>NET FIXED ASSETS</b>	<b>\$ 5,538,665</b>	<b>\$ 5,969,555</b>

**6. FINANCE LEASE LIABILITY**

PVA leases copiers, computers and capital improvements under finance lease agreements expiring on various dates through fiscal year 2025. During 2012, PVA entered into a master lease agreement with its primary financial institution for up to \$2 million in financing for any fixed asset that PVA chooses to finance.

PVA recorded a right of use asset which is included within fixed assets and a corresponding finance lease liability. The right of use asset and finance lease liability are being amortized over the life of the lease agreement. As of June 30, 2021, the unamortized right of use asset and unamortized finance lease liability were \$507,595 and \$519,867, respectively. As of June 30, 2020, the unamortized right of use asset and unamortized finance lease liability were \$805,578 and \$806,432, respectively.

**PARALYZED VETERANS OF AMERICA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**6. FINANCE LEASE LIABILITY (Continued)**

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>		
2022	\$	281,871
2023		135,901
2024		81,259
2025		<u>40,629</u>
		539,660
Less: interest		<u>(19,793)</u>
	<b>\$</b>	<b><u>519,867</u></b>

PVA's total consolidated interest expense on the finance leases was \$19,584 and \$95,120 for the years ended June 30, 2021 and 2020, respectively. The interest rates on the finance leases for the years ended June 30, 2021 and 2020, ranged from 2% to 3.9%.

**7. CHARITABLE GIFT ANNUITIES**

PVA is the beneficiary of charitable gift annuities. Under charitable gift annuity agreements, PVA pays a fixed annuity amount for the life of the beneficiaries. In the year of the gift, contribution revenue is recognized as revenue without donor restriction based on the net amount of the assets and liabilities of the charitable gift annuities. The assets held for charitable gift annuities are stated at fair value. The liability to beneficiaries from the agreements represents the present value of the estimated future payments based on actuarial assumptions. Adjustments to the liability to reflect any changes in actuarial assumptions, amortization of discount and payment to donors are recognized as contributions in the Consolidated Statements of Activities and Changes in Net Assets. The assets are recognized in investments within the Consolidated Statements of Financial Position. The discount rates are determined at the time of establishing the charitable gift annuity and range from 1.2% to 8.2%. The estimated life expectancies used are based on the 90CM Annuity Mortality Table.

Balances associated with charitable gift annuities as of and for the years ended June 30, 2021 and 2020, are summarized as follows:

	<u>2021</u>	<u>2020</u>
<b>Annuities</b>	<b>\$ <u>1,334,491</u></b>	<b>\$ <u>1,005,798</u></b>
<b>Annuities Payable</b>	<b>\$ <u>157,172</u></b>	<b>\$ <u>173,323</u></b>

The annuity assets are held within investments and consist of a related investment account for each annuity held by PVA.

**8. GRANTS PAYABLE**

PVA, through its affiliates noted below, had grants payable to other organizations.

**PARALYZED VETERANS OF AMERICA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**8. GRANTS PAYABLE (Continued)**

As of June 30, 2021 and 2020, the total outstanding balance of the grants payable are as follows:

	<b>2021</b>	<b>2020</b>
PVA Education Foundation	\$ 163,484	\$ 203,956
PVA Research Foundation	595,828	568,095
<b>TOTAL</b>	<b>\$ 759,312</b>	<b>\$ 772,051</b>

Both the PVA Research Foundation and the PVA Education Foundation approve multi-year grants in total at the time of the initial grant award and record these amounts as grants payable. The grants are generally funded 45% in the first year, 45% in the second year, with the remaining 10% funded upon completion of the grant. The discount on the long term grants is considered immaterial by management. In instances where grant activities are not completed, the PVA Education and Research Foundation is either refunded amounts that were advanced to perform the grant, or, in instances where funds were not advanced, the remaining liability is written off in the period of grant termination. The combination of these amounts are recorded within contributions within the Consolidated Statements of Activities and Changes in Net Assets. The amounts written off and recorded within contributions was \$52,656 and \$11,315 for the years ended June 30, 2021 and 2020, respectively.

**9. LINE OF CREDIT**

PVA has a \$9.9 million line of credit with a financial institution. The line does not have an expiration date. The line is secured by invested securities held at the same financial institution. Amounts borrowed under this agreement bear interest at the London InterBank Rate (LIBOR), plus a spread. The rate at June 30, 2021 and 2020 was 3.625%. There were no borrowings outstanding under this line of credit as of June 30, 2021 and 2020. Accordingly, there was no interest expense, related to the line of credit, for the years ended June 30, 2021 and 2020.

**10. AFFILIATE NET ASSETS AND BOARD DESIGNATED NET ASSETS**

As of June 30, 2021 and 2020, net assets for PVA affiliates are included in net assets with donor restrictions in the accompanying Consolidated Statements of Financial Position and are detailed as follows:

	<b>2021</b>	<b>2020</b>
PVA Spinal Cord Injury Education and Training Foundation	\$ 238,766	\$ 108,312
PVA Spinal Cord Research Foundation	3,219,114	2,990,841
<b>TOTAL AFFILIATE NET ASSETS</b>	<b>\$ 3,457,880</b>	<b>\$ 3,099,153</b>

As of June 30, 2021 and 2020, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

	<b>2021</b>	<b>2020</b>
PVA Board Contingency	\$ -	\$ 206,936
PVA Disaster Relief Fund	13,167	65,317
DRTV	7,405,430	-
Operating Reserve Fund	7,506,262	365,905
PVA Board Designated	55,073,161	-
<b>TOTAL BOARD DESIGNATED NET ASSETS</b>	<b>\$ 69,998,020</b>	<b>\$ 638,158</b>

**PARALYZED VETERANS OF AMERICA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**11. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following as of June 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Subject to expenditure for specified purpose:		
VA Benefits and Medical Advocacy Services	\$ 228,132	\$ 8,323
Sports and Recreation	169,925	224,274
Research, Consumer and Professional Education	3,649,160	3,134,056
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$ 4,047,217</b>	<b>\$ 3,366,653</b>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	<b>2021</b>	<b>2020</b>
Purpose restrictions accomplished:		
VA Benefits and Medical Advocacy Services	\$ 95,781	\$ 652,882
Sports and Recreation	105,850	932,223
Research, Consumer and Professional Education	916,370	1,422,041
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b>\$ 1,118,001</b>	<b>\$ 3,007,146</b>

**12. LIQUIDITY AND AVAILABILITY**

Financial assets available for use for general expenditures within one year of the Consolidated Statements of Financial Position date comprise the following:

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 15,440,894	\$ 15,657,662
Investments	72,643,405	44,686,346
Contributions receivable	267,807	577,691
Accounts and pledges receivable, net	1,116,568	692,778
Legacies and bequests receivable, net	1,355,809	5,157,227
Subtotal financial assets available within one year	90,824,483	66,771,704
Less those unavailable for general expenditure within one year, due to:		
Donor imposed restrictions:		
Donor restricted funds	(589,337)	(267,500)
Held by PVA Research and Education Foundation	(3,457,880)	(3,099,153)
Board designations:		
PVA Board Designated	(55,073,161)	-
Amounts set aside for liquidity reserve	(7,506,262)	(365,905)
DRTV	(7,405,430)	-
Other board designations	(13,167)	(272,253)
Investments held for long-term purposes	-	(41,615,022)
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b>\$ 16,779,246</b>	<b>\$ 21,151,871</b>



## PARALYZED VETERANS OF AMERICA

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### 12. LIQUIDITY AND AVAILABILITY (Continued)

PVA funds consist of contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, PVA must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. Additionally, PVA has designated a portion of investments for long-term purposes which represents total investments not already allocated to the budget. Although PVA does not intend to spend from its investments other than amounts appropriated for general expenditure apart of its annual budget approval and appropriation process, amounts from its investments could be made available for general expenditure if necessary. PVA's Finance Committee set aside funds for a liquidity reserve and additional board designated reserves during the years ended June 30, 2021 and 2020. These funds could be used in the event of significant budgeted expenses with approval from the Finance Committee.

PVA has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, PVA has a line of credit agreement (as further discussed in Note 9) which allows for additional available borrowings up to \$9.9 million, which it could draw upon for seasonal changes in cash flows.

#### 13. CONTRIBUTED SERVICES AND IN-KIND CONTRIBUTIONS

PVA's consolidated financial statements include the following contributed services and in-kind contributions:

***Donated Public Service Announcements (Television and Radio)*** - PVA produces and distributes public service television, radio, internet and newspaper announcements that focus attention on the free services PVA provides for veterans, the importance of the *Americans with Disabilities Act* and spinal cord research. These public service announcements are distributed to television stations and newspapers nationwide, who then provide airtime and print space to deliver announcements to assist PVA in its mission, free of charge. PVA has contracted with independent outside agencies to track the date and time that each public service announcement is run and to estimate the value of the announcement based on the date, time and market. For the years ended June 30, 2021 and 2020, PVA recorded \$56,550,480 and \$52,881,524, respectively, of donated public service announcements.

***Donated Space*** - PVA is provided certain space free of charge in hospitals or office buildings operated by the Department of Veterans Affairs. PVA employees use this space to help paralyzed veterans monitor the delivery of high-quality and appropriate health care benefits and services and identify and secure veterans' benefits and other benefits for spinal-cord-injured and diseased veterans. The value of this space is based on the square footage occupied by PVA at the estimated rental value per square foot. The estimated rental value is based on commercial real estate value guidelines for the location of the property. For the years ended June 30, 2021 and 2020, PVA recorded \$969,343 and \$973,895, respectively, of donated space which is recorded in occupancy in the Consolidated Statements of Functional Expenses.

***Volunteer Services and In-kind Contributions*** - PVA sponsors certain activities for which in-kind contributions are provided by corporations. The value of these in-kind contributions is recorded based on the fair market value of the service. For the years ended June 30, 2021 and 2020, PVA recorded \$0 and \$134,191, respectively, of in-kind contributions which are recorded in other professional and consulting expense in the Consolidated Statements of Functional Expenses.

PARALYZED VETERANS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

14. LEASE COMMITMENTS

PVA leases office space under a ten-year agreement, which commenced on December 1, 2020. Base rent is \$83,514 per year, plus a proportionate share of expenses, with annual escalation clauses.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 related to *Leases* (Topic 842), in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the Consolidated Statements of Financial Position and disclosing key information about leasing arrangements for operating leases that are greater than one year in duration. The ASU specifically requires an organization to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the Consolidated Statements of Financial Position and recognize a single lease cost, calculated so the cost of the lease is allocated over the lease term on a generally straight line basis. The guidance in the ASU is effective for not-for-profit entities for fiscal years beginning after December 15, 2021 and early adoption is permitted.

During the year ended June 30, 2021, PVA elected to early implement the ASU. PVA has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. As a result, PVA recorded a right-of-use asset in the amount of \$777,023. PVA recorded an operating lease liability in the amount of \$777,023 by calculating the present value using the discount rate of 3.25%.

The following is a schedule of the future minimum lease payments:

<u>Year Ending June 30,</u>	
2022	\$ 84,412
2023	86,208
2024	88,004
2025	89,800
2026	91,596
Thereafter	434,183
Less: Imputed interest	<u>(126,508)</u>
<b>TOTAL OPERATING LEASE LIABILITY</b>	<b><u>\$ 747,695</u></b>

As of June 30, 2021, the unamortized right-of-use asset was \$736,463 and the unamortized operating lease liability was \$747,695. The lease cost, including imputed interest and amortization of the right-of-use asset for the year ended June 30, 2021, was \$127,202 and is included in occupancy expense in the accompanying Statements of Functional Expenses. Straight-line rent expense for the year ended June 30, 2020 was \$169,764 and is also included in occupancy expense in the accompanying Consolidated Statements of Functional Expenses.

PVA leases commercial space to a tenant under a ten-year agreement, which originated March 2020. Base rent is \$65,100 per year, plus a proportionate share of expenses, increasing by a factor of 2.5% per year. The tenant received eight months of abated rent following the rent commencement date in the first year of the lease. PVA also leased commercial space to other tenants during the years ended June 30, 2021 and 2020. These leases terminated during fiscal years 2020 and 2019.

PARALYZED VETERANS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

14. LEASE COMMITMENTS (Continued)

The following is a schedule of the future minimum rental income:

Year Ending June 30,

2022	\$	67,284
2023		68,966
2024		70,690
2025		72,457
2026		74,268
Thereafter		<u>288,333</u>
	\$	<u><b>641,998</b></u>

Rental income for the years ended June 30, 2021 and 2020 was \$32,550 and \$64,458, respectively, and is included in other revenue in the accompanying Consolidated Statements of Activities and Changes in Net Assets.

15. RETIREMENT PLAN

PVA provides retirement benefits to its employees through a defined contribution employee benefit plan. PVA contributes 3% of the employee's compensation, which is immediately fully vested. Participants may elect to contribute up to \$19,000 (2019 IRS limit) as well as an additional \$6,000 if an individual is 50 or older. PVA will match 100% of the additional employee contributions up to 3% of the employees' compensation. Contributions to the plan during the years ended June 30, 2021 and 2020 totaled \$875,561 and \$857,018, respectively.

16. ALLOCATION OF JOINT COSTS

PVA conducts a yearly direct mail campaign that entails the delivery of approximately 66 million pieces of mail. This campaign serves three primary goals.

1. Educate the American Public on All Aspects of Spinal-Cord-Injury and Disease - PVA was originally chartered by the United States Congress in 1971 to carry out several specific objectives, chief among them being to "acquaint the public with the needs and problems of paraplegics." Secondary to that objective was to inform the public about the programs and services PVA provides that address the unique needs of veterans with spinal cord dysfunction. Those programs and services include representation before the Department of Veterans Affairs, assistance with the filing and development of complex disability claims, monitoring the quality of health care provided at VA Medical Centers, championing laws and policies that ensure equal opportunity and civil rights for veterans with disabilities, and promoting research and education that mitigate the effects of spinal cord dysfunction and bring science and medicine closer to curing it altogether.

Despite the prevalence of spinal cord dysfunction in general society, PVA continues to confront the awareness gap by providing calls to action within many of the direct mail pieces to encourage the public to become interested and involved in disability issues or PVA programs, many of which benefit paralyzed veterans in particular but also the greater disability community in general. This goal is reflected in the joint cost category entitled Public Education.

**PARALYZED VETERANS OF AMERICA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**16. ALLOCATION OF JOINT COSTS (Continued)**

2. Educate the American Public on the History of the Paralyzed Veterans of America - PVA was founded by a group of paralyzed World War II veterans in 1946 at the Hines Veterans Administration Hospital outside Chicago, Illinois. Through their advocacy, veterans who incurred a spinal-cord-injury began to live longer lives due to advances in medicine and science, enjoy greater access and independence thanks to prosthetic devices, architectural accessibility and legislation that opened opportunities for veterans with disabilities. For the last 70 years, PVA redefined quality of life for veterans who had suffered catastrophic disabilities and ensured holistic support for these veterans as they recovered and transitioned following military service. This advocacy included the pursuit of benefits and provision of support networks for the veterans' families and caregivers. This goal is reflected in the joint cost category entitled General and Administrative.
  
3. Provide PVA's Programs with the Resources to Support Paralyzed Veterans - PVA does not collect membership dues while providing direct support to approximately 18,600 paralyzed members free of charge. PVA also represents approximately an additional 17,900 veterans, dependents and survivors without charge. Without government assistance to provide its free direct support, PVA relies on the generosity of the public to continue its mission. Public support comes from a loyal donor base, and a growing new base inspired by PVA's impact, and provides PVA with the \$15 million it needs annually to fully address the unique needs of veterans living with paralysis and its devastating effects through its programs and services. This goal is reflected in the joint cost category entitled Fundraising.

For the years ended June 30, 2021 and 2020, PVA incurred total direct mail program costs of \$52,125,859 and \$46,349,419, respectively, for informational materials and activities that included fundraising appeals, which were allocated as follows in accordance with ASC 958-720, *Not-for-Profit Entities - Other Expenses*:

	<b>2021</b>		<b>2020</b>	
Public Education	\$ 19,496,618	37 %	\$ 15,497,613	33 %
Fundraising	30,101,568	58 %	28,527,518	62 %
General and Administrative	2,527,673	5 %	2,324,288	5 %
<b>TOTAL</b>	<b>\$ 52,125,859</b>	<b>100 %</b>	<b>\$ 46,349,419</b>	<b>100 %</b>

**17. CONCENTRATION**

PVA places its investments in creditworthy financial institutions. PVA's investments are with two different brokerage firms and the investments are in excess of Security Investor Protection coverage limits of \$250,000 per brokerage firm at June 30, 2021 and 2020.

Approximately 80% and 70%, respectively of PVA's consolidated public contribution revenue was processed was by two vendors for the years ended June 30, 2021 and 2020. Additionally, PVA has contracts with several other service providers that are collectively owned by a single parent company. PVA has no reason to believe that relationships with these service providers will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew the contract or withholding of funds) would adversely affect PVA's ability to finance ongoing operations.

## PARALYZED VETERANS OF AMERICA

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

#### 18. CONTINGENCY

Various lawsuits and other contingent liabilities arise in the ordinary course of PVA's activities. While the final outcome of these legal actions cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the final resolution of these matters will not have a material effect on PVA's consolidated financial statements.

#### 19. COMMITMENTS

PVA is committed under agreements for conference space through the year 2023. The total commitments under the agreements are not determinable as it depends upon attendance and other unknown factors. There are cancellation penalties that would be due if the agreements were cancelled prior to the event date. The amount of the cancellation penalties increase through the date of the event. As of June 30, 2021 and 2020, the potential liability to PVA for terminating all such conference contracts is \$696,749 and \$739,421, respectively. At the present time, PVA has no intention of terminating any of these contracts.

#### 20. RELATED PARTIES

During the years ended June 30, 2021 and 2020, PVA paid \$54,000 to a company owned by one of the Research Foundation's directors for consulting services. In addition, PVA paid \$862,876 and \$169,372, respectively, to a university for research in which one of the Research Foundation's directors is a professor.

During the years ended June 30, 2021 and 2020, PVA made an annual contribution of \$100,000 to the PVA Education Foundation. These amounts have been eliminated in the accompanying consolidated financial statements.

#### 21. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, PVA has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Consolidated Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market PVA has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**PARALYZED VETERANS OF AMERICA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**21. FAIR VALUE MEASUREMENT (Continued)**

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used as of June 30, 2021. There were no transfers between levels in the fair value hierarchy during the years ended June 30, 2021 and 2020. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Common stocks, preferred stocks and exchange traded funds* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Total return fixed income mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by PVA are open-ended mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by PVA are deemed to be actively traded.
- *Corporate investment grade bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2021.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments:</b>				
Common and preferred stocks	\$ 60,167,890	\$ -	\$ -	\$ 60,167,890
Exchange traded funds	2,778,474	-	-	2,778,474
Corporate investment grade bonds	8,683,599	-	-	8,683,599
Total return fixed income mutual funds	<u>1,013,442</u>	<u>-</u>	<u>-</u>	<u>1,013,442</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 72,643,405</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 72,643,405</u></b>
<b>Liability Class:</b>				
<b>Annuities Payable</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 157,172</u></b>	<b><u>\$ 157,172</u></b>

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments:</b>				
Common and preferred stocks	\$ 28,951,242	\$ -	\$ -	\$ 28,951,242
Exchange traded funds	5,269,564	-	-	5,269,564
Corporate investment grade bonds	8,541,189	-	-	8,541,189
Total return fixed income mutual funds	<u>1,924,351</u>	<u>-</u>	<u>-</u>	<u>1,924,351</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 44,686,346</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 44,686,346</u></b>
<b>Liability Class:</b>				
<b>Annuities Payable</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 173,323</u></b>	<b><u>\$ 173,323</u></b>

PARALYZED VETERANS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

21. FAIR VALUE MEASUREMENT (Continued)

Level 3 Financial Assets

The following table provides a summary of changes in fair value of PVA's financial assets for the year ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 173,323	\$ 285,575
Payments to annuitants	(51,866)	(64,580)
Increase (decrease) in annuity liability based on life expectancy	<u>35,715</u>	<u>(47,672)</u>
<b>BALANCE, END OF YEAR</b>	<b><u>\$ 157,172</u></b>	<b><u>\$ 173,323</u></b>

22. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, PVA has evaluated events and transactions for potential recognition or disclosure through October 18, 2021, the date the consolidated financial statements were issued.