

CONSOLIDATED FINANCIAL STATEMENTS

PARALYZED VETERANS OF AMERICA

**FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**

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.

Opinion

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, 2023 and 2022, 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.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of PVA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PVA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PVA's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedules of Financial Position and Activities and Changes in Net Assets on pages 31 - 33 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



October 23, 2023

PARALYZED VETERANS OF AMERICA
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

ASSETS

| | <u>2023</u> | <u>2022</u> |
|---|------------------------------|------------------------------|
| Cash and cash equivalents | \$ 11,437,641 | \$ 17,343,061 |
| Investments | 85,624,968 | 73,570,280 |
| Contributions receivable | 63,542 | 165,623 |
| Accounts, pledges and grants receivable, net | 1,640,236 | 9,412,548 |
| Legacies and bequests receivable, net | 12,417,628 | 10,400,735 |
| Prepaid expenses | 2,254,728 | 980,345 |
| Fixed assets, net of accumulated depreciation | 1,160,890 | 1,066,316 |
| Right-of-use asset, net - operating leases | 9,146,533 | 669,028 |
| Right-of-use asset, net - finance leases | 269,608 | - |
| Security deposit | 142,458 | 286,898 |
| | <u>124,158,232</u> | <u>113,894,834</u> |
| TOTAL ASSETS | \$ <u>124,158,232</u> | \$ <u>113,894,834</u> |

LIABILITIES AND NET ASSETS

LIABILITIES

| | | |
|---|-------------------|-------------------|
| Finance lease liabilities | \$ 269,381 | \$ 261,065 |
| Operating lease liabilities | 10,671,040 | 686,687 |
| Accounts payable and accrued expenses | 3,402,942 | 5,953,878 |
| Annuities payable | 60,428 | 93,199 |
| Accrued compensation and compensated absences | 2,524,421 | 1,880,704 |
| Grants payable | 1,108,929 | 1,329,474 |
| Deferred revenue | 1,041,263 | 1,580,908 |
| | <u>19,078,404</u> | <u>11,785,915</u> |
| Total liabilities | <u>19,078,404</u> | <u>11,785,915</u> |

NET ASSETS

| | | |
|--|------------------------------|------------------------------|
| Without donor restrictions: | | |
| Undesignated - available for program and supporting activities | 18,326,781 | 24,950,002 |
| Board designated | 83,240,461 | 72,277,827 |
| | <u>101,567,242</u> | <u>97,227,829</u> |
| Total without donor restrictions | <u>101,567,242</u> | <u>97,227,829</u> |
| With donor restrictions | <u>3,512,586</u> | <u>4,881,090</u> |
| Total net assets | <u>105,079,828</u> | <u>102,108,919</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ <u>124,158,232</u> | \$ <u>113,894,834</u> |

PARALYZED VETERANS OF AMERICA

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023**

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---|------------------------------------|------------------------------|
| REVENUE AND SUPPORT | | | |
| Contributions | \$ 86,809,779 | \$ 583,774 | \$ 87,393,553 |
| Contributed services and in-kind contributions | 43,967,213 | - | 43,967,213 |
| Other revenue | 2,061,013 | - | 2,061,013 |
| Net assets released from donor restrictions | <u>2,183,828</u> | <u>(2,183,828)</u> | <u>-</u> |
| Total revenue and support | <u>135,021,833</u> | <u>(1,600,054)</u> | <u>133,421,779</u> |
| EXPENSES | | | |
| Program Services: | | | |
| Public Education and Awareness | 68,051,162 | - | 68,051,162 |
| Veterans Benefit Services | 21,599,271 | - | 21,599,271 |
| Legislation and Advocacy | 3,488,759 | - | 3,488,759 |
| Research and Education | 3,150,096 | - | 3,150,096 |
| Sports and Recreation | <u>2,234,592</u> | <u>-</u> | <u>2,234,592</u> |
| Total program services | <u>98,523,880</u> | <u>-</u> | <u>98,523,880</u> |
| Supporting Services: | | | |
| Management and General | 10,393,449 | - | 10,393,449 |
| Development | <u>32,241,819</u> | <u>-</u> | <u>32,241,819</u> |
| Total supporting services | <u>42,635,268</u> | <u>-</u> | <u>42,635,268</u> |
| Total expenses | <u>141,159,148</u> | <u>-</u> | <u>141,159,148</u> |
| Change in net assets before other items | <u>(6,137,315)</u> | <u>(1,600,054)</u> | <u>(7,737,369)</u> |
| OTHER ITEMS | | | |
| Investment income, net | 11,129,377 | 231,550 | 11,360,927 |
| Net loss on disposal of fixed assets and finance leases | <u>(652,649)</u> | <u>-</u> | <u>(652,649)</u> |
| Total other items | <u>10,476,728</u> | <u>231,550</u> | <u>10,708,278</u> |
| Change in net assets | 4,339,413 | (1,368,504) | 2,970,909 |
| Net assets at beginning of year | <u>97,227,829</u> | <u>4,881,090</u> | <u>102,108,919</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 101,567,242</u> | <u>\$ 3,512,586</u> | <u>\$ 105,079,828</u> |

PARALYZED VETERANS OF AMERICA

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|---|------------------------------------|-----------------------|
| REVENUE AND SUPPORT | | | |
| Contributions | \$ 103,426,660 | \$ 1,986,616 | \$ 105,413,276 |
| Contributed services and in-kind contributions | 35,099,513 | - | 35,099,513 |
| Other revenue | 2,056,797 | - | 2,056,797 |
| Net assets released from donor restrictions | 652,247 | (652,247) | - |
| Total revenue and support | 141,235,217 | 1,334,369 | 142,569,586 |
| EXPENSES | | | |
| Program Services: | | | |
| Public Education and Awareness | 49,116,089 | - | 49,116,089 |
| Veterans Benefit Services | 19,169,502 | - | 19,169,502 |
| Legislation and Advocacy | 3,002,054 | - | 3,002,054 |
| Research and Education | 2,458,890 | - | 2,458,890 |
| Sports and Recreation | 2,214,984 | - | 2,214,984 |
| Total program services | 75,961,519 | - | 75,961,519 |
| Supporting Services: | | | |
| Management and General | 12,460,573 | - | 12,460,573 |
| Development | 56,180,720 | - | 56,180,720 |
| Total supporting services | 68,641,293 | - | 68,641,293 |
| Total expenses | 144,602,812 | - | 144,602,812 |
| Change in net assets before other items | (3,367,595) | 1,334,369 | (2,033,226) |
| OTHER ITEMS | | | |
| Investment loss, net | (8,976,364) | (500,496) | (9,476,860) |
| Gain on sale of building | 18,829,716 | - | 18,829,716 |
| Total other items | 9,853,352 | (500,496) | 9,352,856 |
| Change in net assets | 6,485,757 | 833,873 | 7,319,630 |
| Net assets at beginning of year | 90,742,072 | 4,047,217 | 94,789,289 |
| NET ASSETS AT END OF YEAR | \$ 97,227,829 | \$ 4,881,090 | \$ 102,108,919 |

PARALYZED VETERANS OF AMERICA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

| | Program Services | | | | | Supporting Services | | | | Total Expenses |
|---------------------------------|--------------------------------|---------------------------|--------------------------|------------------------|-----------------------|------------------------|------------------------|----------------------|---------------------------|-----------------------|
| | Public Education and Awareness | Veterans Benefit Services | Legislation and Advocacy | Research and Education | Sports and Recreation | Total Program Services | Management and General | Development | Total Supporting Services | |
| Salaries and benefits | \$ 1,796,653 | \$ 13,355,377 | \$ 2,825,131 | \$ 571,140 | \$ 652,203 | \$ 19,200,504 | \$ 3,036,333 | \$ 2,745,602 | \$ 5,781,935 | \$ 24,982,439 |
| Professional services | 438,869 | 236,520 | 121,411 | 308,513 | 475,209 | 1,580,522 | 788,142 | 1,010,038 | 1,798,180 | 3,378,702 |
| Conferences and events | 398 | 73,531 | 69,985 | 345,256 | 101,953 | 591,123 | 300,159 | 3,277 | 303,436 | 894,559 |
| Travel | 76,627 | 406,181 | 165,770 | 289,995 | 496,690 | 1,435,263 | 675,289 | 167,561 | 842,850 | 2,278,113 |
| Other expenses | 33,259 | 88,238 | 12,391 | 2,069 | 7,008 | 142,965 | 871,424 | 526,650 | 1,398,074 | 1,541,039 |
| Insurance and bank fees | - | - | 1,680 | 21,006 | - | 22,686 | 547,008 | 349,797 | 896,805 | 919,491 |
| Supplies | 22,258 | 29,971 | 8,727 | 19,568 | 146,295 | 226,819 | 34,363 | 6,383 | 40,746 | 267,565 |
| Marketing | 22,245,306 | 34,747 | 11,030 | - | 76,724 | 22,367,807 | 1,939,172 | 15,886,566 | 17,825,738 | 40,193,545 |
| Office leases and equipment | 114,558 | 40,234 | 14,398 | 252,454 | 45,328 | 466,972 | 1,872,985 | 2,302 | 1,875,287 | 2,342,259 |
| Training and education | 52,854 | 228,300 | 147,680 | 8,841 | 28,595 | 466,270 | 87,900 | 191,545 | 279,445 | 745,715 |
| Publications | 547,322 | 161,076 | 26,825 | 25,723 | 32,516 | 793,462 | 63,776 | 11,140,596 | 11,204,372 | 11,997,834 |
| Software and telecommunications | 79,533 | 594,505 | 83,731 | 30,474 | 25,169 | 813,412 | 176,898 | 73,825 | 250,723 | 1,064,135 |
| Donations and donated services | 42,643,525 | 1,296,999 | - | - | 26,689 | 43,967,213 | - | 137,677 | 137,677 | 44,104,890 |
| Grants and scholarships | - | 5,053,592 | - | 1,275,057 | 120,213 | 6,448,862 | - | - | - | 6,448,862 |
| TOTAL | \$ 68,051,162 | \$ 21,599,271 | \$ 3,488,759 | \$ 3,150,096 | \$ 2,234,592 | \$ 98,523,880 | \$ 10,393,449 | \$ 32,241,819 | \$ 42,635,268 | \$ 141,159,148 |

See accompanying notes to consolidated financial statements.

PARALYZED VETERANS OF AMERICA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

| | Program Services | | | | | Supporting Services | | | | Total Expenses |
|---------------------------------|--------------------------------|---------------------------|--------------------------|------------------------|-----------------------|------------------------|------------------------|----------------------|---------------------------|-----------------------|
| | Public Education and Awareness | Veterans Benefit Services | Legislation and Advocacy | Research and Education | Sports and Recreation | Total Program Services | Management and General | Development | Total Supporting Services | |
| Salaries and benefits | \$ 1,747,631 | \$ 11,544,417 | \$ 2,596,179 | \$ 255,995 | \$ 549,933 | \$ 16,694,155 | \$ 4,850,257 | \$ 2,187,699 | \$ 7,037,956 | \$ 23,732,111 |
| Professional services | 424,943 | 290,558 | 100,857 | 304,528 | 552,637 | 1,673,523 | 1,190,043 | 2,294,834 | 3,484,877 | 5,158,400 |
| Conferences and events | - | 64 | - | 37,537 | 70,629 | 108,230 | 282,922 | 60,015 | 342,937 | 451,167 |
| Travel | 52,164 | 112,670 | 24,153 | 173,613 | 421,904 | 784,504 | 1,044,531 | 291,828 | 1,336,359 | 2,120,863 |
| Other expenses | 25,998 | 218,722 | 26,966 | 2,996 | 28,314 | 302,996 | 1,964,011 | 804,783 | 2,768,794 | 3,071,790 |
| Insurance and bank fees | - | - | - | - | - | - | 515,817 | - | 515,817 | 515,817 |
| Supplies | 6,959 | 26,446 | 3,982 | 6,252 | 145,468 | 189,107 | 28,766 | 14,968 | 43,734 | 232,841 |
| Marketing | 12,577,482 | 3,446 | 22,659 | - | 78,388 | 12,681,975 | 1,983,042 | 35,706,066 | 37,689,108 | 50,371,083 |
| Office leases and equipment | 108,769 | 42,799 | 5,277 | 12,562 | 81,417 | 250,824 | 328,822 | 4,983 | 333,805 | 584,629 |
| Training and education | 29,434 | 161,290 | 140,053 | 7,205 | 7,520 | 345,502 | 71,345 | 234,828 | 306,173 | 651,675 |
| Publications | 323,619 | 88,225 | 10,326 | 5,319 | 11,964 | 439,453 | 45,937 | 14,332,732 | 14,378,669 | 14,818,122 |
| Software and telecommunications | 74,426 | 574,398 | 71,602 | 7,868 | 25,646 | 753,940 | 155,080 | 67,192 | 222,272 | 976,212 |
| Donations and donated services | 33,744,664 | 1,221,745 | - | - | 133,104 | 35,099,513 | - | 180,792 | 180,792 | 35,280,305 |
| Grants and scholarships | - | 4,884,722 | - | 1,645,015 | 108,060 | 6,637,797 | - | - | - | 6,637,797 |
| TOTAL | \$ 49,116,089 | \$ 19,169,502 | \$ 3,002,054 | \$ 2,458,890 | \$ 2,214,984 | \$ 75,961,519 | \$ 12,460,573 | \$ 56,180,720 | \$ 68,641,293 | \$ 144,602,812 |

See accompanying notes to consolidated financial statements.

PARALYZED VETERANS OF AMERICA

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023 AND 2022**

| | 2023 | 2022 |
|--|-----------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Changes in net assets | \$ 2,970,909 | \$ 7,319,630 |
| Adjustments to reconcile changes in net assets to net cash used by operating activities: | | |
| Depreciation | 366,547 | 648,160 |
| Unrealized (gain) loss | (10,845,906) | 10,932,445 |
| Realized loss (gain) | 1,134,286 | (191,818) |
| Loss on disposal of fixed assets | 763,479 | - |
| Gain on sale of building | - | (18,829,716) |
| Gain on disposal of finance leases | (110,831) | - |
| Change in the allowance for doubtful accounts for accounts, pledge and grants receivable | 12,310 | (2,838) |
| Change in the allowance for doubtful accounts for legacies and bequests receivable | 165,615 | 165,103 |
| Change in discount on long-term legacies and bequests receivable | 897,831 | (107,445) |
| Amortization of right-of-use assets - operating leases | 293,322 | 67,435 |
| Amortization of right-of-use assets - financing leases | 28,484 | - |
| Decrease (increase) in: | | |
| Contributions receivable | 102,081 | 102,184 |
| Accounts, pledges and grants receivable | 7,760,002 | (293,142) |
| Legacies and bequests receivable | (3,080,339) | (3,174,471) |
| Prepaid expenses | (1,274,383) | 307,935 |
| Security deposit | 144,440 | (286,898) |
| Increase (decrease) in: | | |
| Operating lease liabilities | 446,954 | (61,008) |
| Accounts payable and accrued expenses | (2,550,936) | 1,746,868 |
| Annuities payable | (32,771) | (63,973) |
| Accrued compensation and compensated absences | 643,717 | (180,880) |
| Grants payable | (220,545) | 570,162 |
| Deferred revenue | (539,645) | 506,833 |
| Net cash used by operating activities | <u>(2,925,379)</u> | <u>(825,434)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of fixed assets | (458,025) | (346,095) |
| Proceeds from sale of building | - | 15,000,000 |
| Purchase of investments | (23,080,920) | (26,003,860) |
| Proceeds from sale of investments | <u>20,737,852</u> | <u>14,336,358</u> |
| Net cash (used) provided by investing activities | <u>(2,801,093)</u> | <u>2,986,403</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal payments on finance lease liability | <u>(178,948)</u> | <u>(258,802)</u> |
| Net cash used by financing activities | <u>(178,948)</u> | <u>(258,802)</u> |
| Net (decrease) increase in cash and cash equivalents | (5,905,420) | 1,902,167 |
| Cash and cash equivalents at beginning of year | <u>17,343,061</u> | <u>15,440,894</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 11,437,641</u> | <u>\$ 17,343,061</u> |

PARALYZED VETERANS OF AMERICA

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| SUPPLEMENTAL INFORMATION: | | |
| Interest Paid | \$ <u>7,773</u> | \$ <u>11,882</u> |
| Building Sale Receivable Included in Accounts and Pledges Receivable | \$ <u>-</u> | \$ <u>8,000,000</u> |
| SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS: | | |
| Right-of-Use Asset, Operating Lease | \$ <u>8,770,827</u> | \$ <u>-</u> |
| Operating Lease Liability for Right-of-Use Asset | \$ <u>9,537,402</u> | \$ <u>-</u> |
| Right-of-Use Assets, Finance Leases | \$ <u>298,092</u> | \$ <u>-</u> |
| Finance Lease Liabilities for Right-of-Use Assets | \$ <u>298,092</u> | \$ <u>-</u> |

PARALYZED VETERANS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

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:

- Paralyzed Veterans of America 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.
- Paralyzed Veterans of America Spinal Cord Injury Education and Training Foundation, Inc. (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.

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.

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.

PARALYZED VETERANS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

Basis of presentation (continued) -

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.

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 (loss), 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, grants, 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. 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.

PARALYZED VETERANS OF AMERICA

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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

Receivables (continued) -

Accounts, pledges and grants receivable consisted of the following as of June 30, 2023 and 2022:

| | 2023 | 2022 |
|---|----------------------------|----------------------------|
| Pledges receivable, net | \$ 204,833 | \$ 741,571 |
| Grants receivable | 417,420 | 48,192 |
| Accounts receivables, net | <u>1,017,983</u> | <u>8,622,785</u> |
| TOTAL ACCOUNTS, PLEDGES AND GRANTS RECEIVABLES | <u>\$ 1,640,236</u> | <u>\$ 9,412,548</u> |

Receivables from contracts with customers was \$860,317 as of June 30, 2021.

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 three years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$366,547 and \$648,160, respectively.

Income taxes -

PVA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). PVA earns unrelated business income on advertising. There was no income tax expense related to its unrelated business income for the years ended June 30, 2023 and 2022. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. PVA is not a private foundation.

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, 2023 and 2022, 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*.

PARALYZED VETERANS OF AMERICA

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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

Contributions (continued) -

For contributions, 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, 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, 2023 and 2022.

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. Legacies and bequests are included in contributions in the accompanying Consolidated Statements of Activities and Changes in Net Assets.

Revenue from contracts with customers -

Conference revenue and list rental revenue are considered exchange transactions following ASU 2014-09, *Revenue from Contracts With Customers*, and are recorded when the performance obligations have been met. VA has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue.

List rental revenue is recorded as revenue when mailings are delivered and is included in other revenue in the accompanying Consolidated Statements of Activities and Changes in Net Assets. There was no deferred revenue as of June 30, 2023 or 2022.

Conference revenue consists of registration fees, sponsorships, and exhibit fees. Revenue is recognized when the related events are held and is recorded in contributions and other revenue in the Consolidated Statements of Activities and Changes in Net Assets. Deferred revenue related to conference revenue was \$1,041,263 and \$1,580,908 as of June 30, 2023 and 2022, respectively.

Contributed services and in-kind contributions -

Contributed services and in-kind contributions consists primarily of public service announcements and donated space. Contributed services and in-kind contributions 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, 2023 AND 2022**

**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.

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation.

New accounting pronouncement not yet adopted -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for PVA for the year ending June 30, 2024. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

PVA plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying consolidated financial statements.

PARALYZED VETERANS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

2. DESCRIPTION OF OPERATING PROGRAM AND OPERATING SUPPORT SERVICES

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

Public Education and Awareness - 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;
- 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.

Veterans Benefit Services - The Veterans Benefit 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.

PARALYZED VETERANS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

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

Veterans Benefit Services (continued) - 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. 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, 2023, 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.

In addition, 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.

Legislation and Advocacy - Legislation and 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;

PARALYZED VETERANS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

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

Legislation and Advocacy (continued) -

- 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 VA.

PVA, along with four other veterans' service organizations, publishes the "Independent Budget", a detailed annual review of programs and expenditures of 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.

Research and Education - Research and 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.

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.

Management and General - Management and general 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.

PARALYZED VETERANS OF AMERICA

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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

Development - Development 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.

3. INVESTMENTS

Investments consisted of the following as of June 30, 2023 and 2022:

| | 2023 | 2022 |
|--|----------------------|----------------------|
| | Fair Value | Fair Value |
| Money market funds | \$ - | \$ 371,918 |
| Common and preferred stocks | 65,360,496 | 56,991,484 |
| Total return fixed income mutual funds | 18,451,053 | 1,162,812 |
| Exchange traded funds | 1,813,419 | 4,215,795 |
| Corporate investment grade bonds | - | 10,828,271 |
| TOTAL INVESTMENTS | \$ 85,624,968 | \$ 73,570,280 |

Included in investment income (loss), net are the following:

| | 2023 | 2022 |
|---|----------------------|-----------------------|
| Interest and dividends | \$ 1,946,524 | \$ 1,547,411 |
| Unrealized gain (loss) | 10,845,906 | (10,932,445) |
| Realized (loss) gain | (1,134,286) | 191,818 |
| Investment expenses provided by external investment advisors | (297,217) | (283,644) |
| TOTAL INVESTMENT INCOME (LOSS), NET OF INVESTMENT EXPENSES | \$ 11,360,927 | \$ (9,476,860) |

Dividends, realized and unrealized gains and losses 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, 2023 and 2022. Management has concluded that no allowance is required based on historical collection experience.

Accounts, pledges, and grants receivable consisted of the following as of June 30, 2023 and 2022 and are included the accompanying Consolidated Statements of Financial Position:

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Less than one year | \$ 1,662,112 | \$ 9,422,114 |
| Less: Allowance for doubtful accounts | (21,876) | (9,566) |
| ACCOUNTS AND PLEDGES RECEIVABLE, NET | \$ 1,640,236 | \$ 9,412,548 |

PARALYZED VETERANS OF AMERICA

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

4. RECEIVABLES (Continued)

As of June 30, 2023 and 2022, contributors to PVA have made unconditional promises to give legacies and bequests, of which \$14,385,976 and \$11,305,637 remained due and outstanding.

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 8.25% and 4.75% for the years ended June 30, 2023 and 2022, respectively.

Legacies and bequests receivable consisted of the following as of June 30, 2023 and 2022 and are included the accompanying Consolidated Statements of Financial Position:

| | 2023 | 2022 |
|--|----------------------|----------------------|
| Less than one year | \$ 3,244,315 | \$ 5,111,657 |
| One to five years | 11,141,661 | 6,193,980 |
| Subtotal | 14,385,976 | 11,305,637 |
| Less: Allowance to discount balance to present value | (1,267,576) | (369,745) |
| Less: Allowance for doubtful accounts | (700,772) | (535,157) |
| LEGACIES AND BEQUESTS RECEIVABLE, NET | \$ 12,417,628 | \$ 10,400,735 |

For the years ended June 30, 2023 and 2022, PVA incurred bad debt expense for all receivables of \$284,836 and \$165,086, respectively.

5. FIXED ASSETS

Fixed assets consisted of the following at June 30, 2023 and 2022:

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Office furniture, computers and equipment | \$ 1,597,716 | \$ 7,131,302 |
| Less: Accumulated depreciation | (436,826) | (6,064,986) |
| NET FIXED ASSETS | \$ 1,160,890 | \$ 1,066,316 |

6. SALE OF BUILDING

During the year ended June 30, 2022, PVA sold its building located in Washington, D.C. for a total sales price of \$23,000,000 before selling expenses. The net gain on the sale of the building totaled \$(763,479) and is included as an other item in the accompanying Consolidated Statements of Activities and Changes in Net Assets.

The terms of the building sale agreement indicate that PVA will receive the remaining balance of the sales price, \$8,000,000, upon PVA vacating the premises. The \$8,000,000 receivable is included in accounts and pledges receivable in the accompanying Consolidated Statements of Financial Position. PVA also negotiated a lease back of the premises for a term of one year beginning December 2021 at no cost as part of the sale agreement.

PARALYZED VETERANS OF AMERICA

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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 restrictions 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, 2023 and 2022 are summarized as follows:

| | 2023 | 2022 |
|--------------------------|----------------------------|--------------------------|
| Annuities | \$ <u>1,153,701</u> | \$ <u>991,064</u> |
| Annuities Payable | \$ <u>60,428</u> | \$ <u>93,199</u> |

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. As of June 30, 2023 and 2022, the total outstanding balance of the grants payable are as follows:

| | 2023 | 2022 |
|--------------------------|----------------------------|----------------------------|
| PVA Education Foundation | \$ 211,236 | \$ 383,280 |
| PVA Research Foundation | <u>897,693</u> | <u>946,194</u> |
| TOTAL | \$ <u>1,108,929</u> | \$ <u>1,329,474</u> |

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 grant expense in the Consolidated Statements of Functional Expenses. The amounts written off and recorded within grant expense was \$38,275 and \$16,372 for the years ended June 30, 2023 and 2022, respectively.

PARALYZED VETERANS OF AMERICA

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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, 2023 and 2022 was 8.33% and 4.50%, respectively. There were no borrowings outstanding under this line of credit as of June 30, 2023 and 2022. Accordingly, there was no interest expense related to the line of credit, for the years ended June 30, 2023 and 2022.

10. AFFILIATE NET ASSETS AND BOARD DESIGNATED NET ASSETS

As of June 30, 2023 and 2022, 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:

| | <u>2023</u> | <u>2022</u> |
|--|----------------------------|----------------------------|
| PVA Spinal Cord Injury Education and Training Foundation | \$ 228,597 | \$ 192,794 |
| PVA Spinal Cord Research Foundation | <u>2,526,190</u> | <u>3,053,704</u> |
| TOTAL AFFILIATE NET ASSETS | <u>\$ 2,754,787</u> | <u>\$ 3,246,498</u> |

As of June 30, 2023 and 2022, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------------|-----------------------------|
| DRTV | \$ - | \$ 4,869,265 |
| PVA Board Designated | 64,526,652 | 54,154,604 |
| Operating Reserve Fund | 18,713,809 | 10,570,777 |
| PVA Program Reserve Fund | <u>-</u> | <u>2,683,181</u> |
| TOTAL BOARD DESIGNATED NET ASSETS | <u>\$ 83,240,461</u> | <u>\$ 72,277,827</u> |

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|---|----------------------------|----------------------------|
| Subject to expenditure for specified purpose: | | |
| Veterans Benefit Services | \$ 232,697 | \$ 149,450 |
| Legislation and Advocacy | 25,000 | - |
| Sports and Recreation | 32,249 | 115,575 |
| Public Education and Awareness | 3,222,640 | 3,616,065 |
| Subject to passage of time | <u>-</u> | <u>1,000,000</u> |
| TOTAL NET ASSETS WITH DONOR RESTRICTIONS | <u>\$ 3,512,586</u> | <u>\$ 4,881,090</u> |

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:

| | <u>2023</u> | <u>2022</u> |
|--|----------------------------|--------------------------|
| Purpose restrictions accomplished: | | |
| Veterans Benefit Services | \$ 132,624 | \$ 103,015 |
| Sports and Recreation | 84,926 | 62,550 |
| Public Education and Awareness | 966,278 | 486,682 |
| Timing restrictions accomplished | <u>1,000,000</u> | <u>-</u> |
| TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS | <u>\$ 2,183,828</u> | <u>\$ 652,247</u> |

PARALYZED VETERANS OF AMERICA

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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:

| | 2023 | 2022 |
|---|----------------------|----------------------|
| Cash and cash equivalents | \$ 11,437,641 | \$ 17,343,061 |
| Investments | 85,624,968 | 73,570,280 |
| Contributions receivable | 63,542 | 165,623 |
| Accounts, pledges and grants receivable, net | 1,640,236 | 9,412,548 |
| Legacies and bequests receivable, net | 2,543,543 | 4,576,500 |
| Subtotal financial assets available within one year | 101,309,930 | 105,068,012 |
| Less those unavailable for general expenditure within one year, due to: | | |
| Donor imposed restrictions: | | |
| Donor restricted funds | (757,799) | (634,593) |
| Held by PVA Research and Education Foundation | (2,754,787) | (3,246,497) |
| Board designations: | | |
| PVA Board Designated | (64,526,652) | (54,154,604) |
| Operating Reserve Fund | (18,713,809) | (10,570,777) |
| DRTV | - | (4,869,265) |
| PVA Program reserve fund | - | (2,683,181) |
| FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR | \$ 14,556,883 | \$ 28,909,095 |

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.

13. CONTRIBUTED SERVICES AND IN-KIND CONTRIBUTIONS

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, 2023 and 2022. 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.

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.

PARALYZED VETERANS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

13. CONTRIBUTED SERVICES AND IN-KIND CONTRIBUTIONS (Continued)

Donated Public Service Announcements (Television and Radio) (continued) - 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, 2023 and 2022, PVA recorded \$42,643,525 and \$33,744,664, respectively, of donated public service announcements which were utilized in the Public Education and Awareness program and included in donations and donated services in the Consolidated Statements of Functional Expenses.

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, 2023 and 2022, PVA recorded \$1,296,999 and \$1,221,745, respectively, of donated space which is recorded in donations and donated services in the Consolidated Statements of Functional Expenses. The donated space was utilized in the Veteran Benefit Services.

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, 2023 and 2022, PVA recorded \$26,689 and \$133,104, respectively, of in-kind contributions which are recorded in donations and donated services in the sports and recreation program in the accompanying Consolidated Statements of Functional Expenses.

There were no restrictions placed on the in-kind contributions by donors during the years ended June 30, 2023 and 2022.

14. LEASE COMMITMENTS

PVA leases office space in Arizona 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.

PVA entered into a 162-month lease for office space in Washington, D.C. which commenced January 1, 2023. The lease includes two years of abated rent. Base rent is approximately \$127,000 per month increasing by a factor of 2.25%.

ASU 2019-01, *Leases* (Topic 842), requires recognition of a lease asset and lease liability for operating leases at the present value of the lease payments in the Consolidated Statements of Financial Position and disclosure of key information about leasing arrangements. PVA 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. PVA elected the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, PVA recorded a right of use asset and operating lease liability in the amount of \$770,023 by calculating the present value using a discount rate of 3.25% for the Arizona lease. PVA recorded a right of use asset in the amount of \$8,770,827, net of the landlord allowance of \$766,575 for the DC lease.

PARALYZED VETERANS OF AMERICA

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

14. LEASE COMMITMENTS (Continued)

PVA recorded an operating lease liability in the amount of \$9,537,402 by calculating the present value using the discount rate of 10.5%. As of June 30, 2023, the weighted-average remaining lease term and rate for the financing leases is 12.68 years and 10.26%, respectively.

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

| <u>Year Ending June 30,</u> | | |
|------------------------------------|----|-----------------------------|
| 2024 | \$ | 88,004 |
| 2025 | | 885,448 |
| 2026 | | 1,700,820 |
| 2027 | | 1,738,856 |
| 2028 | | 1,777,666 |
| Thereafter | | <u>15,141,701</u> |
| | | 21,332,495 |
| Less: Imputed interest | | <u>(10,661,455)</u> |
| OPERATING LEASE LIABILITIES | | <u>\$ 10,671,040</u> |

The lease cost, including imputed interest and amortization of the right of use asset for the year ended June 30, 2023 and 2022, was \$830,957 and \$97,527, respectively, and is included in office leases and equipment expense in the accompanying Consolidated Statements of Functional Expenses.

15. FINANCE LEASE LIABILITIES

ASU 2019-01, *Leases* (Topic 842), requires recognition of a lease asset and lease liability for financing leases at the present value of the lease payments in the Consolidated Statements of Financial Position and disclosure of key information about leasing arrangements.

PVA leased 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. This agreement was terminated during 2023. PVA recorded a gain on disposal of finance leases in the amount of \$110,831 which is presented as an other item on the Consolidated Statements of Activities and Changes in Net Assets.

PVA entered into a finance lease obligation for equipment for a term of 60 months on November 15, 2022. The lease commenced on May 17, 2023 and expires in 2028. On December 6, 2022, PVA entered into another finance lease obligation for equipment for a term of 48 months which commenced on December 9, 2022 and expires in 2026.

PVA recorded a right-of-use asset and a finance lease liability in the amount of \$177,623 as of May 17, 2023 by calculating the net present value of the lease commitments using a discount rate of 8.84%. For the second lease, PVA recorded a right-of-use asset and a finance lease liability in the amount of \$120,469 as of December 9, 2022 by calculating the net present value of the lease commitments using a discount rate of 2.37%. As of June 30, 2023, the weighted-average remaining lease term and rate for the financing leases is 4.66 years and 5.44%, respectively.

PARALYZED VETERANS OF AMERICA

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

15. FINANCE LEASE LIABILITIES (Continued)

Future minimum lease payments are as follows:

| <u>Year Ending June 30</u> | |
|----------------------------|--------------------------|
| 2024 | \$ 77,513 |
| 2025 | 77,513 |
| 2026 | 77,513 |
| 2027 | 45,889 |
| 2028 | <u>22,558</u> |
| | 300,986 |
| Less: interest | <u>(31,605)</u> |
| TOTAL | <u>\$ 269,381</u> |

PVA's total consolidated interest expense on the finance leases was \$7,773 and \$11,882 for the year ended June 30, 2023 and 2022, respectively.

16. 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. 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, 2023 and 2022 totaled \$747,131 and \$897,754, respectively.

17. 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 and Awareness.

PARALYZED VETERANS OF AMERICA

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

17. 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 Management and General.

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 Development.

For the years ended June 30, 2023 and 2022, PVA incurred total direct mail program costs of \$57,322,438 and \$42,273,420 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*:

| | 2023 | | 2022 | |
|--------------------------------|----------------------|--------------|----------------------|--------------|
| Public Education and Awareness | \$ 20,993,288 | 37 % | \$ 11,873,613 | 28 % |
| Development | 34,770,158 | 60 % | 28,933,381 | 69 % |
| Management and General | 1,558,992 | 3 % | 1,466,426 | 3 % |
| TOTAL | \$ 57,322,438 | 100 % | \$ 42,273,420 | 100 % |

18. 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, 2023 and 2022. Approximately 69% and 83%, respectively, of PVA's consolidated public contribution revenue was processed by two vendors for the years ended June 30, 2023 and 2022.

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, 2023 AND 2022

19. 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.

20. COMMITMENTS

PVA is committed under agreements for conference space through the year 2024. 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, 2023 and 2022, the potential liability to PVA for terminating all such conference contracts is \$1,876,595 and \$1,640,020, respectively. At the present time, PVA has no intention of terminating any of these contracts.

21. RELATED PARTIES

During the years ended June 30, 2023 and 2022, PVA paid \$45,000 and \$30,000, respectively, to a company owned by one of the Research Foundation's directors for consulting services.

During the years ended June 30, 2023 and 2022, PVA made an annual contribution of \$350,000 and \$800,000 to the PVA Education Foundation and PVA Research Foundation, respectively. These amounts have been eliminated in the accompanying consolidated financial statements.

22. 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, 2023 AND 2022**

22. 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, 2023. There were no transfers between levels in the fair value hierarchy during the years ended June 30, 2023 and 2022. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market fund is an open-end mutual fund that is registered with the Securities and Exchange Commission and is deemed to be actively traded.
- *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, 2023.

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|-----------------------------|--------------------|-------------------------|-----------------------------|
| Investments: | | | | |
| Common and preferred stocks | \$ 65,360,496 | \$ - | \$ - | \$ 65,360,496 |
| Total return fixed income mutual funds | 18,451,053 | - | - | 18,451,053 |
| Exchange traded funds | <u>1,813,419</u> | <u>-</u> | <u>-</u> | <u>1,813,419</u> |
| TOTAL INVESTMENTS | <u>\$ 85,624,968</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 85,624,968</u> |
| Liability Class: | | | | |
| Annuities Payable | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 60,428</u> | <u>\$ 60,428</u> |

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, 2022:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|-----------------------------|--------------------|-------------------------|-----------------------------|
| Investments: | | | | |
| Money market funds | \$ 371,918 | \$ - | \$ - | \$ 371,918 |
| Common and preferred stocks | 56,991,484 | - | - | 56,991,484 |
| Total return fixed income mutual funds | 1,162,812 | - | - | 1,162,812 |
| Exchange traded funds | 4,215,795 | - | - | 4,215,795 |
| Corporate investment grade bonds | <u>10,828,271</u> | <u>-</u> | <u>-</u> | <u>10,828,271</u> |
| TOTAL INVESTMENTS | <u>\$ 73,570,280</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 73,570,280</u> |
| Liability Class: | | | | |
| Annuities Payable | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 93,199</u> | <u>\$ 93,199</u> |

PARALYZED VETERANS OF AMERICA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

22. 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 years ended June 30, 2023 and 2022:

| | 2023 | 2022 |
|--|------------------|------------------|
| Beginning balance | \$ 93,199 | \$ 157,172 |
| Payments to annuitants | (20,354) | (39,837) |
| Decrease in annuity liability based on life expectancy | (12,417) | (24,136) |
| BALANCE, END OF YEAR | \$ 60,428 | \$ 93,199 |

23. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, PVA has evaluated events and transactions for potential recognition or disclosure through October 23, 2023, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

PARALYZED VETERANS OF AMERICA
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2023

| | PVA | PVA Research Foundation | PVA Education Foundation | Eliminations | Total |
|--|-----------------------|-------------------------------|--------------------------------|--------------------|-----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 9,424,551 | \$ 1,336,340 | \$ 676,750 | \$ - | \$ 11,437,641 |
| Investments | 82,694,593 | 2,930,375 | - | - | 85,624,968 |
| Contributions receivable | 63,542 | - | - | - | 63,542 |
| Accounts, pledges and grants receivable, net | 1,570,403 | 24,250 | 45,583 | - | 1,640,236 |
| Legacies and bequests receivable, net | 12,417,228 | 400 | - | - | 12,417,628 |
| Prepaid expense | 2,254,728 | - | - | - | 2,254,728 |
| Fixed assets, net of accumulated depreciation | 1,160,890 | - | - | - | 1,160,890 |
| Right-of-use asset, net - operating leases | 9,146,533 | - | - | - | 9,146,533 |
| Right-of-use asset, net - finance leases | 269,608 | - | - | - | 269,608 |
| Security deposits | 142,458 | - | - | - | 142,458 |
| Due from related parties | - | - | 67,500 | (67,500) | - |
| TOTAL ASSETS | \$ 119,144,534 | \$ 4,291,365 | \$ 789,833 | \$ (67,500) | \$ 124,158,232 |
| LIABILITIES | | | | | |
| Finance lease liabilities | 269,381 | - | - | - | 269,381 |
| Operating lease liabilities | 10,671,040 | - | - | - | 10,671,040 |
| Accounts payable and accrued expense | 3,402,942 | - | - | - | 3,402,942 |
| Annuities payable | 60,428 | - | - | - | 60,428 |
| Accrued compensation and compensated absences | 2,524,421 | - | - | - | 2,524,421 |
| Grants payable | - | 897,693 | 211,236 | - | 1,108,929 |
| Deferred revenue | 1,041,263 | - | - | - | 1,041,263 |
| Due to related parties | 18 | 67,482 | - | (67,500) | - |
| Total liabilities | 17,969,493 | 965,175 | 211,236 | (67,500) | 19,078,404 |
| NET ASSETS | | | | | |
| Without donor restrictions | | | | | |
| Undesignated - available for program and supporting activities | 17,176,781 | - | - | - | 17,176,781 |
| Board designated | 83,240,461 | - | - | - | 83,240,461 |
| Total without donor restrictions | 100,417,242 | - | - | - | 100,417,242 |
| With donor restrictions | 757,799 | 3,326,190 | 578,597 | - | 4,662,586 |
| Total net assets | 101,175,041 | 3,326,190 | 578,597 | - | 105,079,828 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 119,144,534 | \$ 4,291,365 | \$ 789,833 | \$ (67,500) | \$ 124,158,232 |

* The net asset numbers are before consolidation.

PARALYZED VETERANS OF AMERICA

**CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023**

| | PVA Without Donor Restrictions | PVA With Donor Restrictions | PVA Total | PVA Research Foundation Without Donor Restrictions | PVA Research Foundation With Donor Restrictions | PVA Research Foundation Total |
|---|--------------------------------------|-----------------------------------|------------------------------|---|--|-------------------------------------|
| REVENUE AND SUPPORT | | | | | | |
| Contributions | \$ 86,809,779 | \$ 342,554 | \$ 87,152,333 | \$ - | \$ 944,382 | \$ 944,382 |
| Contributed services and in-kind contributions | 43,967,213 | - | 43,967,213 | - | 182,506 | 182,506 |
| Other revenue | 2,061,013 | - | 2,061,013 | - | - | - |
| Net assets released from donor restrictions | 1,219,347 | (1,219,347) | - | 1,085,952 | (1,085,952) | - |
| Total revenue and support | <u>134,057,352</u> | <u>(876,793)</u> | <u>133,180,559</u> | <u>1,085,952</u> | <u>40,936</u> | <u>1,126,888</u> |
| EXPENSES | | | | | | |
| Program Services: | | | | | | |
| Public Education and Awareness | 68,051,162 | - | 68,051,162 | - | - | - |
| Veterans Benefits Services | 21,599,271 | - | 21,599,271 | - | - | - |
| Legislation and Advocacy | 3,488,759 | - | 3,488,759 | - | - | - |
| Research and Education | 3,335,615 | - | 3,335,615 | 1,085,952 | - | 1,085,952 |
| Sports and Recreation | 2,234,592 | - | 2,234,592 | - | - | - |
| Total program services | <u>98,709,399</u> | <u>-</u> | <u>98,709,399</u> | <u>1,085,952</u> | <u>-</u> | <u>1,085,952</u> |
| Supporting Services | | | | | | |
| Management and General | 10,393,449 | - | 10,393,449 | - | - | - |
| Development | 32,241,819 | - | 32,241,819 | - | - | - |
| Total supporting services | <u>42,635,268</u> | <u>-</u> | <u>42,635,268</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenses | <u>141,344,667</u> | <u>-</u> | <u>141,344,667</u> | <u>1,085,952</u> | <u>-</u> | <u>1,085,952</u> |
| Change in net assets before other items | <u>(7,287,315)</u> | <u>(876,793)</u> | <u>(8,164,108)</u> | <u>-</u> | <u>40,936</u> | <u>40,936</u> |
| OTHER ITEMS | | | | | | |
| Investment income, net | 11,129,377 | - | 11,129,377 | - | 231,550 | 231,550 |
| Net loss on disposal of fixed assets and finance leases | (652,649) | - | (652,649) | - | - | - |
| Total other items | <u>10,476,728</u> | <u>-</u> | <u>10,476,728</u> | <u>-</u> | <u>231,550</u> | <u>231,550</u> |
| Change in net assets | 3,189,413 | (876,793) | 2,312,620 | - | 272,486 | 272,486 |
| Net assets at beginning of year | 97,227,829 | 1,634,592 | 98,862,421 | - | 3,053,704 | 3,053,704 |
| Net assets at end of year before consolidation | 100,417,242 | 757,799 | 101,175,041 | - | 3,326,190 | 3,326,190 |
| Adjustment for consolidation | 1,150,000 | - | 1,150,000 | - | (800,000) | (800,000) |
| NET ASSETS AT END OF YEAR | <u>\$ 101,567,242</u> | <u>\$ 757,799</u> | <u>\$ 102,325,041</u> | <u>\$ -</u> | <u>\$ 2,526,190</u> | <u>\$ 2,526,190</u> |

PARALYZED VETERANS OF AMERICA

**CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023**

| | PVA Education Foundation Without Donor Restrictions | PVA Education Foundation With Donor Restrictions | PVA Education Foundation Total | Eliminations | Total |
|---|--|---|---|---------------------|-----------------------|
| REVENUE AND SUPPORT | | | | | |
| Contributions | \$ - | \$ 446,838 | \$ 446,838 | \$ (1,150,000) | \$ 87,393,553 |
| Contributed services and in-kind contributions | - | 115,495 | 115,495 | (298,001) | 43,967,213 |
| Other revenue | - | - | - | - | 2,061,013 |
| Net assets released from donor restrictions | 176,530 | (176,530) | - | - | - |
| Total revenue and support | 176,530 | 385,803 | 562,333 | (1,448,001) | 133,421,779 |
| EXPENSES | | | | | |
| Program Services: | | | | | |
| Public Education and Awareness | - | - | - | - | 68,051,162 |
| Veterans Benefits Services | - | - | - | - | 21,599,271 |
| Legislation and Advocacy | - | - | - | - | 3,488,759 |
| Research and Education | 176,530 | - | 176,530 | (1,448,001) | 3,150,096 |
| Sports and Recreation | - | - | - | - | 2,234,592 |
| Total program services | 176,530 | - | 176,530 | (1,448,001) | 98,523,880 |
| Supporting Services | | | | | |
| Management and General | - | - | - | - | 10,393,449 |
| Development | - | - | - | - | 32,241,819 |
| Total supporting services | - | - | - | - | 42,635,268 |
| Total expenses | 176,530 | - | 176,530 | (1,448,001) | 141,159,148 |
| Change in net assets before other items | - | 385,803 | 385,803 | - | (7,737,369) |
| OTHER ITEMS | | | | | |
| Investment income, net | - | - | - | - | 11,360,927 |
| Net loss on disposal of fixed assets and finance leases | - | - | - | - | (652,649) |
| Total other items | - | - | - | - | 10,708,278 |
| Change in net assets | - | 385,803 | 385,803 | - | 2,970,909 |
| Net assets at beginning of year | - | 192,794 | 192,794 | - | 102,108,919 |
| Net assets at end of year before consolidation | - | 578,597 | 578,597 | - | 105,079,828 |
| Adjustment for consolidation | - | (350,000) | (350,000) | - | - |
| NET ASSETS AT END OF YEAR | \$ - | \$ 228,597 | \$ 228,597 | \$ - | \$ 105,079,828 |