

**MICHIGAN PARALYZED VETERANS OF AMERICA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**



Certified Public Accountants

**MICHIGAN PARALYZED VETERANS OF AMERICA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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Independent Auditor's Report

To the Board of Directors of
Michigan Paralyzed Veterans of America
Plymouth, Michigan

We have audited the accompanying financial statements of Michigan Paralyzed Veterans of America (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

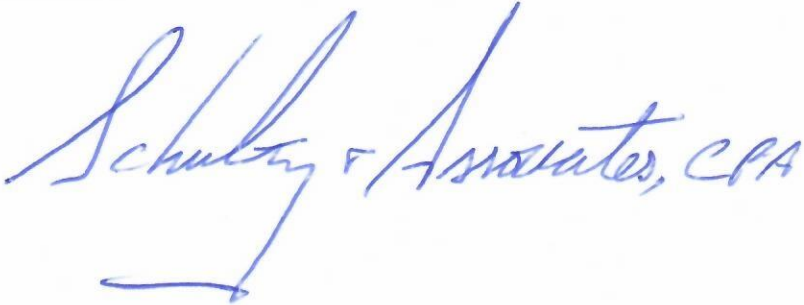
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Michigan Paralyzed Veterans of America as of September 30, 2021, and the changes in net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Schultz & Associates, PLC
Certified Public Accountants

Plymouth, Michigan
January 11, 2022

A handwritten signature in blue ink that reads "Schultz & Associates, CPA". The signature is written in a cursive, flowing style.

MICHIGAN PARALYZED VETERANS OF AMERICA
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021

	Assets Without Donor Restriction	Assets With Donor Restriction	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 45,562	\$ -	\$ 45,562
Prepaid expenses	5,482	-	5,482
Inventory	5,036	-	5,036
Total current assets	<u>56,080</u>	<u>-</u>	<u>56,080</u>
Non-current assets			
Investments	1,226,778	395,440	1,622,218
Property and equipment	30,813	-	30,813
Accumulated depreciation	(29,598)	-	(29,598)
Total non-current assets	<u>1,227,993</u>	<u>395,440</u>	<u>1,623,433</u>
TOTAL ASSETS	<u><u>\$ 1,284,073</u></u>	<u><u>\$ 395,440</u></u>	<u><u>\$ 1,679,513</u></u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	\$ 1,915	\$ -	\$ 1,915
Wages payable	9,424	-	9,424
Total current liabilities	<u>11,339</u>	<u>-</u>	<u>11,339</u>
Net assets			
Without donor restriction	1,272,735	-	1,272,735
With donor restriction	-	395,440	395,440
Total net assets	<u>1,272,735</u>	<u>395,440</u>	<u>1,668,175</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,284,073</u></u>	<u><u>\$ 395,440</u></u>	<u><u>\$ 1,679,513</u></u>

See Independent Auditor's Report
See Accompanying Notes to Financial Statements

MICHIGAN PARALYZED VETERANS OF AMERICA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Assets Without Donor Restriction</u>	<u>Assets With Donor Restriction</u>	<u>Total</u>
REVENUE AND SUPPORT			
PVA grants	\$ 149,386	\$ -	\$ 149,386
Contributions and other grants	62,149	3,579	65,728
In-kind contributions	-	-	-
Other	3,778	-	3,778
Investment income, net	231,840	3,414	235,254
	<u>447,153</u>	<u>6,993</u>	<u>454,146</u>
Net assets released from restrictions	<u>3,579</u>	<u>(3,579)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>450,732</u>	<u>3,414</u>	<u>454,146</u>
EXPENSES			
Program services			
Membership benefits & services	227,750	-	227,750
Advocacy & government relations	44,895	-	44,895
Communication & public relations	54,802	-	54,802
Total Program Services	<u>327,446</u>	<u>-</u>	<u>327,446</u>
Supporting services			
Management and general	23,039	-	23,039
Fundraising	23,437	-	23,437
Total supporting services	<u>46,476</u>	<u>-</u>	<u>46,476</u>
TOTAL EXPENSES	<u>373,922</u>	<u>-</u>	<u>373,922</u>
CHANGE IN NET ASSETS	76,810	3,414	80,224
NET ASSETS, beginning of year	<u>1,195,925</u>	<u>392,026</u>	<u>1,587,951</u>
NET ASSETS, end of year	<u>\$ 1,272,735</u>	<u>\$ 395,440</u>	<u>\$ 1,668,175</u>

See Independent Auditor's Report
See Accompanying Notes to Financial Statements

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

	Membership Benefits & Services	Advocacy Government Relations	Communication & Public Relations	Management & General	Fundraising	Total
Salaries and wages	\$ 69,694	\$ 34,847	\$ 34,847	\$ 8,199	\$ 16,399	\$ 163,986
Retirement	4,267	2,134	2,134	502	1,004	10,041
Employee benefits	9,038	4,519	4,519	1,063	2,127	21,266
Payroll taxes	4,533	2,267	2,267	533	1,067	10,667
Total compensation	87,533	43,766	43,766	10,298	20,596	205,960
Awards and grants	63,310	-	-	-	-	63,310
Bank charges	-	-	-	263	-	263
Dues and subscriptions	-	-	680	425	595	1,700
Insurance	-	-	-	4,069	-	4,069
Meetings and events	4,664	-	-	-	-	4,664
Office supplies	1,595	-	-	3,837	-	5,432
Postage	1,891	-	-	1,905	102	3,898
Printing	802	535	8,059	89	-	9,485
Professional services	5,593	593	593	593	1,699	9,072
Rent	37,953	-	-	-	-	37,953
Repairs and maintenance	5,961	-	1,703	852	-	8,515
Telephone	4,007	-	-	-	445	4,452
Travel	6,224	-	-	260	-	6,484
In-kind expenses	8,218	-	-	-	-	8,218
Total functional expenses before depreciation	227,750	44,895	54,802	22,591	23,437	373,474
Depreciation	-	-	-	448	-	448
Total functional expenses	\$ 227,750	\$ 44,895	\$ 54,802	\$ 23,039	\$ 23,437	\$ 373,922

See Independent Auditor's Report
See Accompanying Notes to Financial Statements

**MICHIGAN PARALYZED VETERANS OF AMERICA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 80,224
Adjustments to reconcile change in net assets to net cash used by operating activities	
Accounts payable	(3,287)
Depreciation	448
Prepaid expenses	1,066
Inventory	8,218
Wages payable	9,424
Realized (gain)/loss on investments	(202,216)
Reinvested dividends	(28,425)
Unrealized (gain)/loss on investments	<u>10,387</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(124,161)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(772,318)
Sale of investments	<u>926,518</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>154,200</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	30,040
CASH AND CASH EQUIVALENTS, beginning of year	<u>15,522</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 45,562</u></u>
SUPPLEMENTAL DISCLOSURES	
Interest paid	<u><u>\$ -</u></u>

**See Independent Auditor's Report
See Accompanying Notes to Financial Statements**

MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Michigan Paralyzed Veterans of America (MPVA), a 501(c)(3) organization, is a congressionally chartered non-profit member of Paralyzed Veterans of America, Inc. (PVA). MPVA's purpose is to aid and assist spinal cord injured veterans, publicize the needs of these individuals and promote legislative provisions for barrier-free designs. MPVA also advocates and foster continuing medical research connected with injuries and diseases of the spinal cord and a comprehensive and effective reconditioning program. MPVA conducts all of its activities in the State of Michigan. Donations to MPVA are tax-deductible.

As a charter member of PVA, upon dissolution of MPVA for any reason, after compliance with any state or local requirements, any remaining net assets shall be distributed to PVA.

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2020. Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net Assets without Donor Restriction – net assets that are not subject to "donor-imposed" time or purpose restrictions.

Net Assets with Donor Restriction – consist of purpose or time-restricted contributions and net assets subject to "donor-imposed" restrictions that may be maintained in perpetuity. When a purpose or time restriction ends, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction.

Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments with maturities of three months or less when purchased are considered cash equivalents and recorded at cost, which approximates fair value. Cash and cash equivalents does not include money market funds held at brokerage accounts pending investment.

Investments and Interest in Assets Held in Community Foundation Endowment

Management determines an appropriate classification of securities at the time of purchase. Securities to be held for indefinite periods of time and not intended to be held to maturity or on a long-term basis are classified as available for sale and carried at fair value. Securities held for indefinite periods of time include securities that management intends to use as part of its asset and liability management strategy. They may be sold in response to changes in interest rates, resultant prepayment risk and other economic factors.

The interest in assets held in the community foundation endowment are reported as a noncurrent asset.

Accounts Receivable

The Organization considers accounts receivable to be fully collectible at September 30, 2021; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. Accounts receivable balance as of September 30, 2021 was \$0.

Inventory

Detail of inventory policy carried at FMV. Includes items that were donated to the organization and are available for use by eligible veterans. Items with a FMV of less than \$1,000 are not included in inventory.

MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment is carried at cost, or, if donated, at the fair market value at the time of the donation. Depreciation is provided on a straight-line basis over the estimated useful lives of five to thirty-one and one-half years. The Organization's policy is to capitalize property and equipment with a cost of \$1,000 or more.

Donated Materials and Services

The Organization receives donations of material and services from various sources. The donated materials and services received are reflected in the accompanying financial statements at their fair market value in accordance with FASB ASC 958-605.

Fundraising Activities

MPVA (the "Organization") reports revenues and expenses of any fundraising activities carried out by professional fund-raising organizations with which it contracts on a gross basis. The Organization receives donations of material and services from various sources. The donated materials and services received are reflected in the accompanying financial statements at their fair market value in accordance with FASB ASC 958-605.

Contributions and expenses related to the Organization's mail solicitation program are reported at their gross amounts.

Program Services

Membership Benefits and Services - This category includes those programs where benefits and services are directly provided to the membership. The Veterans Benefits Department provides counseling and legal representation for the purpose of applying for and obtaining various Veterans Administration (VA) entitlements, including hospitalization, prosthetic devices and other medical needs. Membership activities provide for various social functions such as banquet, holiday party, picnic and other activities involving membership participation. Governance/BOD provides for expenses of the president, board of directors and board committees, including seminars, conferences, attendance at the PVA convention and board meetings. Sports and Recreation provides for membership participation in various wheelchair sports competitions, including bowling, track and field, fishing, trap shooting, billiards, etc. Research and Education provides for monetary contributions for spinal cord injury and disease research and for literature for the members regarding research on progress as it pertains to spinal cord injury. A Loan Closet for mobility devices such as wheelchairs is also available.

MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program Services (continued)

Advocacy and Government Relations - This program provides staff and volunteers to advocate for civil rights related to disabilities and veterans' benefits, consultation services to businesses and individuals regarding barrier free design and the Americans with Disabilities Act is provided under this program.

Communications and Public Relations - This program provides a communication link with the members and the general public through the chapter newsletter, public service announcements, goodwill donations to other organizations, news releases and ads in other publications. It also provides for a public relations coordinator and related expenses.

General and Administrative - This support service is established to obtain public and private donations from members and non- members.

Fundraising - This support service is established to obtain public and private donations from members and non-members.

Functional Expense Allocations

Certain functional expenses, which are common to several program service categories, are allocated based upon a formula determined by management.

Unrestricted Support

Contributions from PVA are accounted for as unrestricted support because all applicable restrictions are satisfied during the period in which the contributions are received.

Retirement Plan

The Organization funds its retirement plan on a current basis and includes any contributions which it makes with compensation expense.

Management's Review

Management has evaluated subsequent events through January 11, 2022, the date on which the financial statements were available to be issued.

MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 2 - CONCENTRATION OF CASH

The Organization maintains cash balances at a financial institution in southeastern Michigan. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of September 30, 2021, there were not accounts that were in excess of the insurance limit.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board (FASB) issued the Statement on Financial Accounting Standards No. 157, "Fair Value Measurements" (FAS 157). This standard establishes a framework for measuring fair value and expands disclosures regarding the use of fair value measurements. Under this standard, fair value is a market-based measurement that should be determined based on the assumptions that market participants would use in pricing an asset or liability. Various inputs are used in determining the value of the Organization's investments. These inputs are summarized into three levels:

- Level (1): Inputs to the valuation methodology are quoted prices for identical assets in active markets.
- Level (2): Inputs to the valuation methodology include quoted prices for similar assets in active markets, and inputs that are observable for the set, either directly or indirectly.
- Level (3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement (including the Organization's own assumptions in determining the fair value of investments). Inputs may be observable or unobservable

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

**MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

The following table summarizes the Organization's investments, based on the inputs used to determine their values on September 30, 2021:

<u>Valuation Inputs</u>	<u>Investments in Securities</u>
Level 1 - quoted prices	\$ 1,622,218
Level 2 - significant other observable inputs	0
Level 3 - significant unobservable inputs	<u>0</u>
Total	<u>\$ 1,622,218</u>

NOTE 4 - INVESTMENTS

The Organization invests in a number of financial instruments consisting of equity securities, corporate and government debt securities and certificates of deposit. The fair values of investments are estimated based on quoted market prices for those investments.

At September 30, 2021 investments consist of the following:

	<u>Fair Value</u>			<u>Cost Basis</u>
	<u>Without Donor Restriction</u>	<u>Oakland Rent Fund</u>	<u>Total</u>	<u>Total</u>
Money market investments	\$ 30,445	\$ 1,893	\$ 32,338	\$ 32,338
Certificates of deposit	0	0	0	0
Fixed income/preferred	0	0	0	0
Mutual funds	1,196,333	393,547	1,589,880	1,534,644
Equity	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$ 1,226,778</u>	<u>\$ 395,440</u>	<u>\$ 1,622,218</u>	<u>\$1,566,982</u>

**MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 4 - INVESTMENTS (continued)

Unrestricted	\$ 1,226,778	\$ 0	\$ 1,226,778
Board designated	0	0	0
Donor restricted	<u>0</u>	<u>395,440</u>	<u>395,440</u>
	<u>\$ 1,226,778</u>	<u>\$ 395,440</u>	<u>\$ 1,622,218</u>

Investment income consists of realized gain of \$202,216 and unrealized gain of \$4,613, and interest and dividend income of \$33,106 and is stated net investment expenses of \$4,682.

The Organization’s policy regarding investment income is to allocate a portion of investment returns towards funding operations, while reserving a portion in order to ensure that sufficient investment reserves exist to provide program continuity and to meet the Organization’s objectives.

NOTE 5 - IN-KIND DONATIONS

The Organization receives in-kind donations of equipment, machines, and other medical devices used for various purposes related to the Organization’s mission. Donated contributions are reflected in the accompanying statements at their estimated values at date of receipt.

The value of donated materials and services included in the financial statements and the corresponding expenses for the year ended September 30, 2021 are \$-0- and \$7,497 respectively.

Donated items included in inventory as of September 30, 2021 was \$5,036.

NOTE 6 - OTHER ASSETS

In March 2011, the Organization made a \$50,000 donation to the Canton Community Foundation endowment fund (the “Fund”) in the name of the organization. The endowment agreement provides that the Organization is the specified beneficiary with the exclusive right to receive future distributions from the Fund. The Organization’s right to its interest in the endowment is reported as a portion of investment income. In October 2014, the Organization withdrew \$25,000 from the Fund.

The amount included in the statement of financial position is stated at fair value. The entire interest in the assets held in the fund were substantially invested by the community foundation in mutual funds, valued using Level 1 inputs, as described in Note 3.

**MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 7 - PROPERTY AND EQUIPMENT

At September 30, 2021, property and equipment consist of the following:

	<u>Beginning Balance</u>	<u>Additions/ Reclassifications</u>	<u>Dispositions/ Reclassifications</u>	<u>Total</u>
Furniture and equipment	\$ 30,813	\$ 0	\$ 0	\$ 30,813
	<u>\$ 30,813</u>	<u>\$ 0</u>	<u>\$ 0</u>	30,813
Less accumulated depreciation				<u>29,151</u>
				<u>\$ 1,662</u>

NOTE 8 - EMPLOYEE RETIREMENT PLAN

MPVA participates in PVA's Incentive Savings Plan for all eligible employees. The plan consists of employee retirement plan with an employee voluntary contribution option. MPVA's contribution formula considers each participant's annual salary and voluntary contribution. For the year ended September 30, 2021, MPVA contributed \$10,041.

NOTE 9 - CONCENTRATIONS

For the year ended September 30, 2021 approximately 33% of the organization's revenue was received from Paralyzed Veterans of America.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTION

At September 30, 2021, nets assets with donor restriction are available for the following:

Oakland Township Rent Subsidy Fund	<u>\$ 395,440</u>
	<u>\$ 395,440</u>

MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 11 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restriction were released from donor restrictions by incurring expenses satisfying the purpose by donors as follows:

Oakland Township Rent Subsidy Fund	<u>\$ -0-</u>
	<u>\$ -0-</u>

NOTE 12 - ADVERTISING AND MARKETING COSTS

Advertising and marketing costs are expensed as incurred. Advertising expenses for the year ended September 30, 2021 were \$22,495.

NOTE 13 - TAX STATUS

The Organization is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. Contributions and bequests are deductible for federal income and estate tax purposes.

The Organization's federal income tax returns for 2020 to 2014 remain open to examination by the Internal Revenue Service. In evaluating the Organization's tax provisions, the Organization believes that its estimates are appropriate based on current facts and circumstances

NOTE 14 -LIQUIDITY

The Organization's financial assets available within one year of the balance sheet date for general expenditure total \$45,562, consisting of cash and cash equivalents. This has been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date. As part of Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 15 – ACCOUNTING STANDARDS UPDATE

Revenue from Contracts with Customers

During May 2014 the FASB issued "Accounting Standards Update" (ASU) 2014-09, "Revenue from Contracts with Customers" (Topic 606). ASU 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers in an amount that reflects the expected consideration received in exchange for those goods or services.

MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 15 – ACCOUNTING STANDARDS UPDATE (continued)

Revenue from Contracts with Customers (continued)

During August 2015, the FASB issued ASU 2015-14 which deferred the effective date of ASU 2014-09 to fiscal years beginning after December 15, 2019. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Organization adopted the standard on July 1, 2020. The aforementioned ASUs are codified as “Accounting Standards Codification” (ASC) Topic 606 “Revenue from Contracts with Customers”.

The Organization adopted Topic 606 on October 1, 2020. There was no impact net assets as of October 1, 2020, or to revenue for the year ended September 30, 2021, as revenue recognition and timing of revenue did not change as a result of adopting/implementing the new standard.

Leases

In February 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for leases and lessors. The new standard applies a right-of-use (“ROU”) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for the Organization's fiscal years beginning after December 15, 2020 with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements.

NOTE 16 – SUBSEQUENT EVENTS

The COVID-19 pandemic has developed rapidly in 2020 and 2021, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home). At this stage, the impact on our business and results has not been significant and based on our experience to date we expect this to remain the case. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.

