

2018 ANNUAL REPORT

NEVER AGAIN WILL ONE GENERATION
OF VETERANS ABANDON ANOTHER





MISSION:

USING THE SHARED
VISION OF OUR
MEMBERSHIP, WE
AGGRESSIVELY ADVOCATE
ON ISSUES IMPORTANT
TO VETERANS; PROVIDE
PROGRAMS AND SERVICES
THAT IMPROVE THE
WELL-BEING OF ALL
VETERANS AND THEIR
FAMILIES; AND SERVE OUR
COMMUNITIES.



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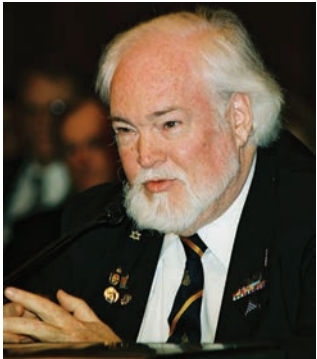




***We are leading
the challenge to
do what is right
for America and
its veterans.***

A Letter from the President

PRESIDENT’S MESSAGE VVA: 39 YEARS IN SERVICE TO AMERICA



We have come a long way since 1978, when VVA had its start as the Council of Vietnam Veterans. We are especially proud to see that our fight to change the public perception of Vietnam veterans has paid off, and our newest generation of veterans is coming home to a warm welcome from a very supportive country.

Having fought in America’s most controversial overseas war nearly four decades ago, many of the issues that have plagued us are pertinent to the new veterans and still require our attention—health issues from military toxic exposures; the ongoing effects of Post-traumatic Stress Disorder; employment discrimination; homelessness on a disproportionate scale; high rates of suicide; to name a few.

Personnel shortages continue to plague VA facilities across the country, forcing veterans into the civilian sector to receive care through the Choice program due to limited provider and appointment availability.

And now we are involved in cyberwarfare, chasing imposter Facebook pages, persevering and eventually succeeding in having them taken down, and calling upon VA and DoD to ensure that servicemembers and veterans are protected from this insidious use of social media.

Much remains to be done.

The following pages list some of our most recent achievements. They also show that we manage our resources carefully so that we continue to achieve our goals for Vietnam veterans and for succeeding generations of veterans.

Sincerely,

John Rowan
National President, Vietnam Veterans of America

OVERVIEW 2017/18

Vietnam Veterans of America, the only congressionally chartered national veterans’ service organization dedicated to working on behalf of the nation’s Vietnam-era veterans and their families, began its 39th year “In Service to America.”

VVA has grown from humble beginnings in 1978 into one of our nation’s most respected and successful veterans’ service organizations on the national, state, and local levels. The organization’s many successes are a direct result of the hard work of thousands of dedicated men and women: our members; our national committee and task force chairs; our national officers; and the staff at our national headquarters in Silver Spring, Maryland.

Our national membership continues to grow. We now have over 83 thousand members, with 651 chapters in all 50 states, Guam, Puerto Rico, the Philippines, and the Virgin Islands. Our 48 State Councils coordinate the activities of the local chapters. VVA’s national activities are closely coordinated with the work of the chapters and state councils; victories gained at the national level are implemented locally. Our affiliated, supporting organization, the Associates of Vietnam Veterans of America, has over 9 thousand members with 13 state-level organizations.

As you can see in the pages that follow, the members of VVA, a 501© (19) tax-exempt organization, are hard at work in their communities. Our chapters and state councils sponsor a wide variety of volunteer programs, including support for homeless shelters; outreach and education on the health issues facing veterans and their families; working with veterans at the VA Medical Centers and at the VA Regional offices; alcohol- and drug-abuse education projects; crime-prevention campaigns; sponsorship of youth sports, Boy Scouts/ Girl Scouts, and Big Brother/Big Sister programs; educational scholarships to veterans and their children; relief to fellow citizens affected by natural disasters and chronic poverty; and many kinds of support for our servicemen and women serving around the globe.

Because there is very little outreach to the men and women who served in the military, and because too many veterans succumb to diseases that can be traced back to their time in service, VVA launched the Veterans Health Council (VHC) in partnership with other health-care professional advocacy organizations, unions, pharmaceutical companies, and health-care providers. The mission of the VHC is to improve the health of America’s veterans through education and information about the health risks associated with military service. The Veterans Health Council website—www.veteranshealth.net—provides veterans, their families, and their health-care providers with crucial information pertaining to the health of our veterans.

Nationally, our Government Affairs Department worked with key officials in the Administration, with leaders in Congress, and with senior staff in the Department of Veterans Affairs to move VVA’s legislative agenda and policy priorities. We are determined that adequate healthcare services are available for our returning troops as well as for Vietnam veterans. We continue to deliver



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expert testimony before Congress, federal agencies, and nongovernmental organizations.

This year, we were successful in achieving the passage of *The Fairness for Veterans Act*, which instructs DoD to apply liberal consideration to recent veterans with bad paper who are appealing their discharges on the basis of PTSD. Many of these veterans have physical and mental injuries that persist to this day, yet the VA has refused to provide them healthcare, disability compensation, homelessness assistance, or other services on the basis of their bad-paper discharges.

VVA continues to push for the improvement of the Veterans Benefits Administration’s claims processing and delivery of service to veterans. Through legislative action, administrative advocacy, and meetings with Department of Veterans Affairs executive staff, VVA is working to insure the claims backlog is reduced, and veterans are provided timely and quality services at all VA facilities.

VVA maintains a strong and aggressive Veterans Benefits Program. Unlike other areas of the law, there are stringent regulations regarding attorney representation of disabled veterans before the U.S. Department of Veterans Affairs. As a result, veterans frequently find themselves facing the VA without adequate representation during their initial application for VA benefits. In order to level the playing field, veterans must seek legal assistance outside of traditional legal channels.

VVA offers disabled veterans and claimants a full-service Benefits Program. VVA assists all veterans, no matter when or where they served. This holds true whether the claimant is a VVA member or not. This is our way of ensuring that we live up to our founding principle, “Never again will one generation of veterans abandon another.” VVA representation is also provided free of charge to any individual seeking any VA benefits.

VVA’s Veterans Benefits Program has consistently maintained one of the highest favorable decision rates at the Board of Veterans Appeals. VVA’s attorneys achieved an all-time low denial rate of 11.5 percent and won over

80 percent of its cases. Due to our winning success rate, an ever-increasing number of claimants are requesting VVA representation and assistance. Through the Veterans Benefits Program, VVA provides the professional representation necessary for the successful disposition of BVA appeals.

Our Communications Department in 2018 provided greater public awareness about issues dealing with Vietnam-era veterans as well as challenges facing veterans of the Global War on Terror, working with national news media and by distributing information on an ongoing basis.

VVA continues to expand its reach with the use of electronic media. On the web, VVA can be found at vva.org. Our e-newsletter, *Web Weekly*, provides our subscribers with the latest developments in veterans’ health and legislation. Our YouTube channels, Face Book pages, and use of twitter are further expanding our reach, and our number of followers continues to grow.

Now in its 38th year, our award-winning news magazine, *The VVA Veteran*, continues to inform our membership while broadcasting to the outside world what VVA does.





HIGHLIGHTS

THE 18TH NATIONAL CONVENTION WAS VVA'S LARGEST CONVENTION EVER.

Working Towards the Fullest Possible Accounting

VVA's highest priority remains accounting for those last-known alive—those known to be in captivity in Vietnam, Laos, and Cambodia who were not returned at the end of the war. We continue to work toward the fullest possible accounting on multiple fronts—with government agencies charged with the mission of personnel recovery; with the National League of Families; with our chapters and state councils; and with former adversaries in Vietnam and elsewhere.

This year, VVA completed its 26th mission of the Veterans Initiative to Vietnam. Since 1994, our Veterans Initiative Program has supported the efforts of the Department of Defense in its mission to account for Americans listed as POW or MIA. By returning artifacts taken during the war and by helping locate gravesites



of Vietnamese soldiers, VVA encourages Vietnamese witnesses to assist in the location and recovery of Americans listed as missing. As a result of the Veterans Initiative, the cooperation on the Vietnamese side continues to improve. Our Vietnamese counterparts have expressed more willingness to do archival research, and all areas are open and accessible.

"You were a soldier and I was a soldier. It is our duty to ensure that no one is left behind. We believe we must mobilize all veterans to work on the postwar issues—our soldiers, your soldiers, and the old soldiers of the South Vietnamese region."

—Nguyen Dung, Vice Chair of the People's Committee of Thua Thien Hue Province

Confronting Veteran Homelessness

The number of homeless veterans has increased by 1.4 percent since 2016. The share of elderly veterans (age 62 or older) more than doubled between 2009 and 2017, and one in ten were female veterans.

With women being the most rapidly growing sub-population of homeless veterans, we are fighting for programs that meet their unique needs.

We continue our advocacy efforts in Washington to recognize homeless veterans as a special needs population, seeking legislative solutions to address the reintegration challenges facing our returning veterans; we continue to help local agencies across the country set up programs and initiatives in their communities; and we provide transitional housing referrals for veterans experiencing homelessness.

Caring for Our Women Veterans

Today's service members include 15 percent women—this number will rise, and by 2020, women should make up 11 percent of the total veteran population.

Though women are the fastest growing segment, they still face cultural roadblocks in a system that was largely designed to meet the needs of male veterans.

Nearly 350,000 women have deployed since 9/11

We are monitoring the local VA Women's clinics, where concerns remain with policies, care, treatment, delivery modes, and services. Through our participation with the VA Center for Women Veterans, we are raising our voices to ensure women veterans are receiving appropriate care.



9% of all homeless adults are veterans, a total of 40,056 homeless, with 13,000 veterans living in places unsuitable for human habitation.



In an attempt to inform women veterans of their earned benefits and to help them receive improved medical care and benefits, we have compiled a list of women veteran resources.

Combating Suicide

While close to 65 percent of all veterans who died by suicide are age 50 or older, male veterans ages 18-34 have the highest rate of suicide.



Suicides by our veterans are at crisis proportions. We understand the importance of getting help to people before they die by their own hand. Over the last year VVA has worked hard to build and strengthen resources and advocacy efforts. We are conducting town halls on suicide-prevention so that families and friends may learn to recognize the signs and symptoms of suicide and how to work with a suicidal loved one.

Jobs for Veterans

VVA promotes the creation of meaningful jobs in the private and public sectors, as well as training for current transitioning veterans.

Our advocacy efforts on Capitol Hill paid off with the passage of the Forever GI Bill—the *Harry W. Colmery Veterans Educational Assistance Act of 2017*. We are heartened that our newest generation of veterans—including Reservist and National Guard troops deployed along active-duty troops—have a robust bill that allows for full tuition and provides a living stipend so that veterans can avoid the crushing debt that today’s students face—and they no longer have to contend with the arbitrary 15-year time limit in which to use this benefit.

We are invested in the successful reintegration of our returning veterans.



Veterans Against Drugs and Violence



The sixth annual Veterans Against Drugs Skate-a-thon was held in Silver Spring, Maryland. Our drug-free event was held in January, with our VVA leadership on hand to greet our young guests

With the mantra, “Commit to Life,” our veterans work with youth in schools and with after-school programs, presenting one of three programs that are adapted to all ages and geographic areas: an anti-drug program; an anti-violence/bullying program; and a patriotism program.

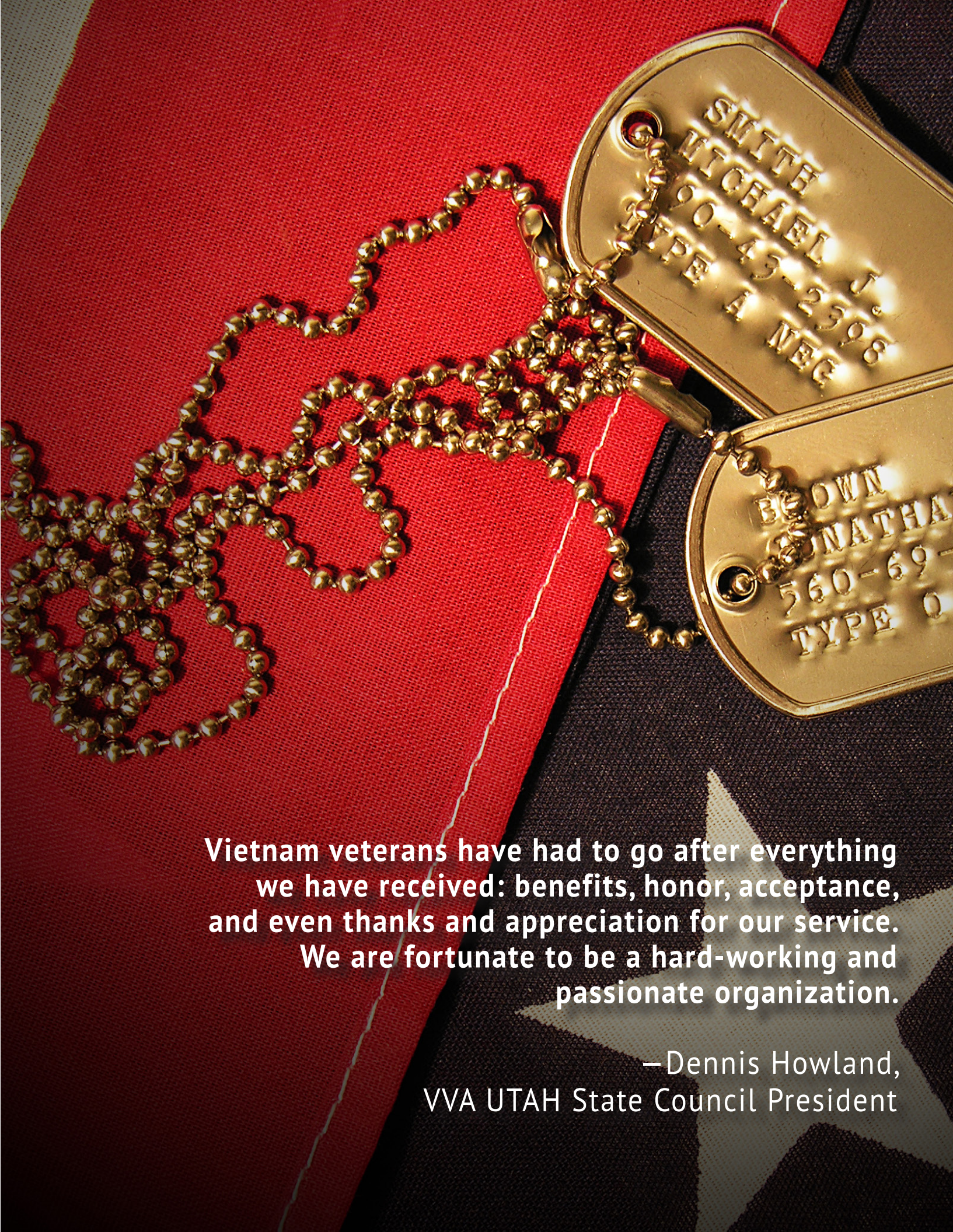
In July, VVA attended the National Boy Scouts National Jamboree, providing the opportunity to present VVA’s 3-part Veterans Against Drugs Program.

Fairness for Veterans Act

This year, we were successful in achieving passage of *The Fairness for Veterans Act*, which instructs DoD to apply liberal

The Veterans Against Drugs and Violence program, first developed by the Congressional Medal of Honor Society in 1980, was entrusted to Vietnam Veterans of America in the 1990s with the goal of helping our youth develop responsibility, good judgment, all the while reinforcing their commitment to their families, schools, communities, and each other.

consideration to recent veterans with bad paper who are appealing their discharges on the basis of PTSD. Many of these veterans have physical and mental injuries that persist to this day, yet the VA has refused to provide them healthcare, disability compensation, homelessness assistance, or other services on the basis of their bad-paper discharges.



Vietnam veterans have had to go after everything we have received: benefits, honor, acceptance, and even thanks and appreciation for our service. We are fortunate to be a hard-working and passionate organization.

—Dennis Howland,
VVA UTAH State Council President

Reaching out to Our Underserved Veterans

Our mission is to help all veterans, without regard to race, creed, color, religion, gender, sexual preference, or national origin.

This year, in addition to conducting outreach events and Agent Orange town halls in Native American communities nationwide, we encouraged tribal leaders to consider having their members trained as veterans service representatives so they could assist tribal members for VA benefits.

Victory: Disability Payments and Camp Lejeune’s Toxic Water

On March 22, the Marine Corps and the Department of Veterans Affairs announced a new rule that provides presumptive status with VA disability benefits for veterans who have one of eight diseases and served at Camp Lejeune, NC, between August 1, 1953, and December 31, 1987.

In 2004, we first discovered that the water at Camp Lejeune had been contaminated by high levels of volatile organic compounds, and when we reported it our publication, *The VVA Veteran*, it was one of the earliest reports to appear anywhere on what was then just emerging as a major health threat. Ever since our U.S. Marine Corps veterans and their family members have been advocating on Capitol Hill and sharing their litany of health issues with their legislators and the media.

Great strides have been made: The Camp Lejeune contamination catastrophe has been widely reported; necessary scientific studies have been done; legislation has been enacted; and now many Lejeune Marines receive medical care and disability benefits for eight water-related illnesses.



One in eight Native Americans—12.5 %—served in the Vietnam War, most as volunteers.

IT WASN’T JUST AGENT ORANGE:

The Rainbow Herbicides of the Vietnam War Era



On March 22, the Marine Corps and the Department of Veterans Affairs announced a new rule that provides presumptive status with VA disability benefits for veterans who have one of eight diseases and served at Camp Lejeune, NC, between August 1, 1953, and December 31, 1987.



Vietnam War Veterans Day March 29

March 29 is Vietnam War Veterans Day, now a national day of observance. Celebrated all across the country in hundreds of difference venues –this is in stark contrast with the way many of us were treated when we returned from the war. Sadly, in September we lost VVA member Jose Ramos of VVA Chapter 446, San Gabriel Valley, who thought up the idea of a National Vietnam Veterans Day, and worked for years, lobbying Congress to make it happen.

PTSD and Substance Abuse

Substance abuse, often begun as self-medication for the symptoms of PTSD, continues to ruin lives. Family members go through PTSD with their veterans, and the all-too-familiar psychological chaos can damage relationships with loved ones, leading to alienation and homelessness for returning veterans.

This year, we instituted a monthly, secondary PTSD support group for the families of veterans and others who have PTSD, providing direction on recognizing and managing triggers, developing effective communication skills, and promoting personal growth and self-care.

Through our advocacy on Capitol Hill; by educating doctors and nurses in the private sector; and



by participating in Mental Health summits, we have been fighting to secure policies that ensure resources—such as peer-led social support and clinical help—are easy to access by veterans and their families.

Veterans Incarcerated and in the Justice System

Many veterans return home suffering from undiagnosed PTSD and Traumatic Brain Injury. These can cause an inability to reason and may contribute to bad choices causing returning veterans to end up in prison. Across the nation, we have helped establish veterans treatment courts, which provide for compassionate responses by the criminal justice system to many veterans who have served honorably in the armed forces. Vietnam veterans serve as volunteer mentors, and their presence and dedication are critical to the success of the court. Our chapters are also there to help the veteran when reentering society by providing support upon release.

“Vietnam Vets in Classrooms” programs.

State councils and chapters throughout VVA participate in Vietnam Vets in Classrooms programs. This provides for interaction between students, teachers, and Vietnam veterans by permitting a personal understanding of the Vietnam War while encouraging an exchange of ideas between generations.

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Photo by Michael Keating

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- Sergeant-At-Arms**
Grant Coates
Sidney, New York
- VA Voluntary Service Representative**
Kenneth Rose
North Wales, Pennsylvania
- Emeritus VA Voluntary Service Representative**
Judith McCombs
Brooklyn, New York

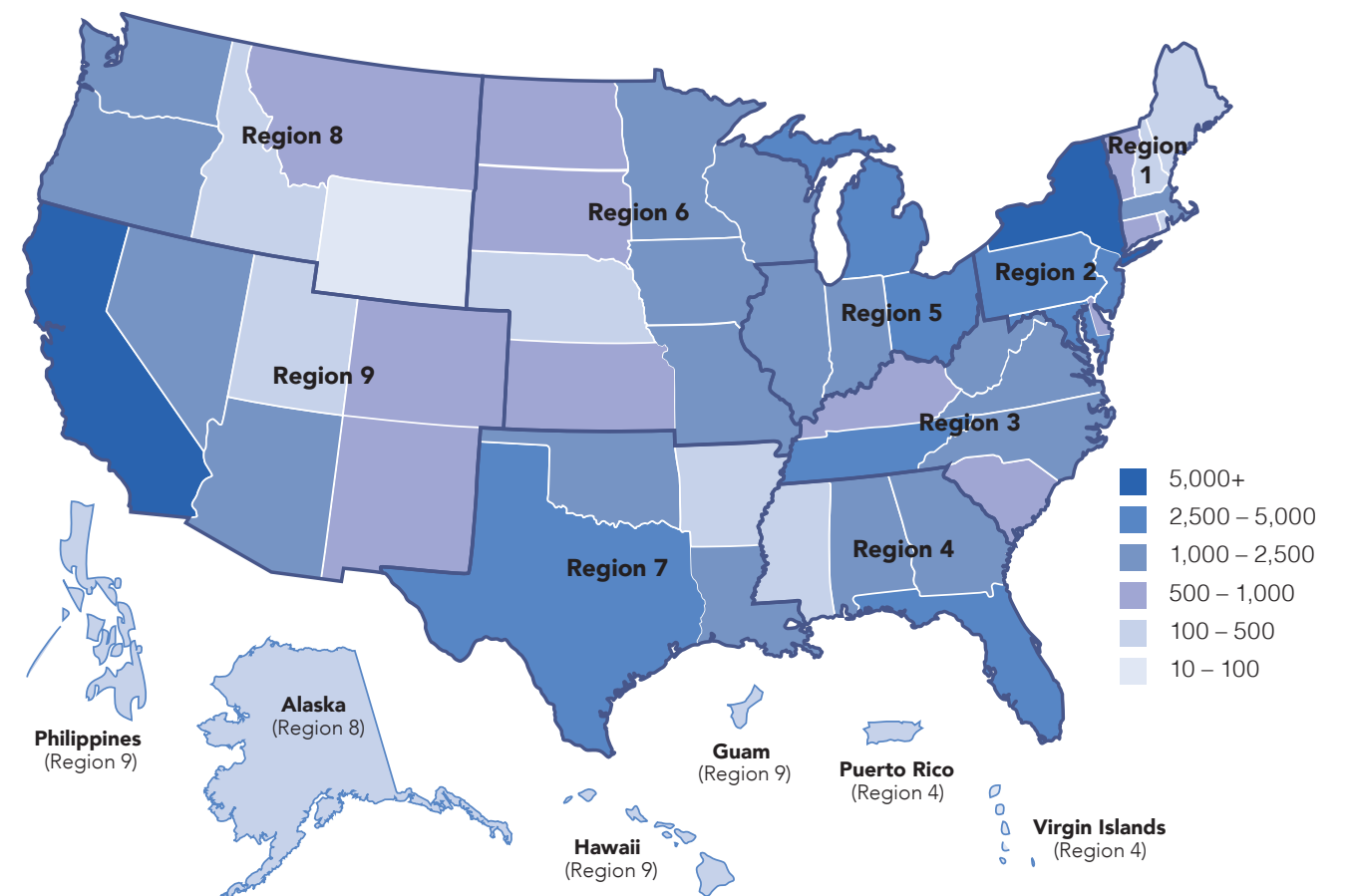


WE HAVE CHANGED THE PUBLIC PERCEPTION OF VIETNAM VETERANS; WE HAVE PROVOKED REFORM IN GOVERNMENT SERVICES TO MEET THE EVOLVING NEEDS OF OUR VETERANS; AND WE REMAIN AT THE FOREFRONT, SUCCESSFULLY ADVOCATING FOR THE NEEDS OF ALL GENERATIONS OF VETERANS, INCLUDING THOSE RETURNING TODAY, MANY OF WHOM ARE OUR CHILDREN AND GRANDCHILDREN.

“NEVER AGAIN WILL ONE GENERATION OF VETERANS ABANDON ANOTHER.”

— VIETNAM VETERANS OF AMERICA'S
FOUNDING PRINCIPLE

The Organization at a Glance



STATE COUNCIL PRESIDENTS

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New Mexico—Bill Garcia

New York—Ned Foote

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Ohio—Cliff Riley

Oklahoma—Lew Broughton

Oregon—James Fleming

Pennsylvania—Thomas Haberkorn

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Texas—Kerwin Stone

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Vermont—Perry Melvin

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Washington—Francisco Ivarra

West Virginia—Dave Simmons

Wisconsin—Richard W. Lindbeck

Much
remains
to be
done.



INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Vietnam Veterans of America, Inc., which comprise the statements of financial position as of February 28, 2018 and 2017, and related statements of activities and changes in net assets, and cash flows for the years 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 auditors consider 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 Vietnam Veterans of America, Inc., as of February 28, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTER

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 16 and 17 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 audits of the

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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.

Mullins PC

Bethesda, Maryland June 14, 2018

7625 Wisconsin Avenue, Suite 317 | Bethesda, Maryland 20814

202.770.6371

| www.mullinspc.com

| john@mullinspc.com

Statements of Financial Position

VIETNAM VETERANS OF AMERICA, INC. ★ FOR THE YEARS ENDED FEBRUARY 28, 2018 AND FEBRUARY 29, 2017

| | <u>2018</u> | <u>2017</u> |
|--|----------------------|----------------------|
| Assets | | |
| Current Assets | | |
| Undesignated Cash and Cash Equivalents | \$ 7,838,454 | \$ 6,667,868 |
| Accounts Receivable | 583,280 | 868,072 |
| Prepaid Expenses and Other Assets | <u>246,319</u> | <u>411,818</u> |
| Total Current Assets | <u>8,668,053</u> | <u>7,947,758</u> |
| Investments - at Market Value | | |
| Undesignated | 5,821,806 | 4,402,449 |
| Designated for Life Memberships | <u>2,971,363</u> | <u>3,453,259</u> |
| Total Investments | <u>8,793,169</u> | <u>7,855,708</u> |
| Property and Equipment | | |
| Furniture and Equipment | 557,150 | 378,616 |
| Software | <u>101,707</u> | <u>235,812</u> |
| Total Property and Equipment | 658,857 | 614,428 |
| Less Accumulated Depreciation and Amortization | <u>(407,087)</u> | <u>(335,533)</u> |
| Net Furniture and Equipment | <u>251,770</u> | <u>278,895</u> |
| Other Assets | | |
| Deposits | 33,559 | 34,559 |
| Total Assets | <u>\$ 17,746,551</u> | <u>\$ 16,116,920</u> |

See accompanying Notes to Financial Statements.

| | <u>2018</u> | <u>2017</u> |
|--|----------------------|----------------------|
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts Payable | \$ 577,213 | \$ 419,563 |
| Accrued Expenses | <u>304,874</u> | <u>271,974</u> |
| Current Portion of Deferred Life Member Dues Payable to State Councils and Chapters | 135,666 | 159,785 |
| Deferred Revenue | <u>110,999</u> | <u>130,733</u> |
| Total Current Portion of Deferred Life Member Dues | <u>246,665</u> | <u>290,518</u> |
| Current Portion of Deferred Revenue | 13,380 | 47,159 |
| Current Portion of Capital Lease Obligations Due to State Councils and Chapters | <u>51,258</u> | <u>33,335</u> |
| | <u>259,328</u> | <u>132,984</u> |
| Total Current Liabilities | <u>1,452,718</u> | <u>1,195,533</u> |
| Long-Term Liabilities | | |
| Deferred Life Member Dues, Net of Current Portion Payable to State Councils and Chapters | 1,498,595 | 1,749,134 |
| Deferred Revenue | <u>1,226,103</u> | <u>1,413,607</u> |
| Total Deferred Life Member Dues, Net of Current Portion | 2,724,698 | 3,162,741 |
| Capital Lease Obligations, Net of Current Portion | 171,284 | 143,920 |
| Deferred Rent Payable | <u>266,089</u> | <u>322,581</u> |
| Total Long-Term Liabilities | <u>3,162,071</u> | <u>3,629,242</u> |
| Total Liabilities | 4,614,789 | 4,824,775 |
| Unrestricted Net Assets | <u>13,131,762</u> | <u>11,292,145</u> |
| Total Liabilities | <u>\$ 17,746,551</u> | <u>\$ 16,116,920</u> |

See accompanying Notes to Financial Statements.

Statements of Activities

VIETNAM VETERANS OF AMERICA, INC. ★ FOR THE YEARS ENDED FEBRUARY 28, 2018 AND FEBRUARY 29, 2017

| | <u>2018</u> | <u>2017</u> |
|---|-----------------------------|----------------------|
| Revenues and Support | | |
| Recycling Program Revenue | \$ 23,918,438 | \$ 24,385,709 |
| Less Recycling Program Cost | <u>(17,409,784)</u> | <u>(18,770,385)</u> |
| Net Recycling Program Revenue | 6,508,654 | 5,615,324 |
| VVA Veteran Newspaper | 197,368 | 186,567 |
| Membership Dues | 341,517 | 369,089 |
| Veterans Support Foundation Grant | 261,583 | 253,340 |
| Contributions | 2,158,606 | 2,183,735 |
| Convention/Conference | 134,971 | 57,310 |
| Royalties | 62,958 | 57,637 |
| Other | <u>25,538</u> | <u>5,110</u> |
| Total Revenues and Support | <u>9,691,195</u> | <u>8,728,112</u> |
| Expenses | | |
| Program Services | | |
| National Veterans' Programs | 2,410,432 | 2,542,386 |
| Communications and Public Affairs | 1,341,825 | 1,215,704 |
| Government Relations | 899,627 | 791,511 |
| Veterans' Benefits Program | <u>1,469,624</u> | <u>1,179,837</u> |
| Total Program Services | <u>6,121,508</u> | <u>5,729,438</u> |
| Supporting Services | | |
| Support of Affiliates - State Councils and Chapters | 240,802 | 222,208 |
| General and Administrative | 1,113,627 | 1,104,600 |
| Membership Affairs | 450,308 | 487,352 |
| Fundraising | <u>910,548</u> | <u>786,460</u> |
| Total Supporting Services | <u>2,715,285</u> | <u>2,600,620</u> |
| Total Expenses | <u>8,836,793</u> | <u>8,330,058</u> |
| Change in Unrestricted Net Assets from Operations | 854,402 | 398,054 |
| Investment Income (Loss) | <u>985,215</u> | <u>361,359</u> |
| Change in Unrestricted Net Assets | 1,839,617 | 759,413 |
| Unrestricted Net Assets, Beginning of Year | <u>11,292,145</u> | <u>10,532,732</u> |
| Unrestricted Net Assets, End of Year | <u>\$ 13,131,762</u> | <u>\$ 11,292,145</u> |

See accompanying Notes to Financial Statements.

Statements of Cash Flows

VIETNAM VETERANS OF AMERICA, INC. ★ FOR THE YEARS ENDED FEBRUARY 28, 2018 AND FEBRUARY 29, 2017

| | <u>2018</u> | <u>2017</u> |
|---|----------------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Change in Unrestricted Net Assets | \$ 1,839,617 | \$ 759,413 |
| Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Provided by (Used in) Operating Activities | | |
| Depreciation and Amortization | 71,556 | 86,150 |
| Loss on Disposal of Furniture and Equipment | 29,186 | 53,094 |
| Net (Gains) Losses on Investments | (797,052) | (244,915) |
| <u>(Increase) Decrease in Assets</u> | | |
| Accounts Receivable | 284,792 | (146,814) |
| Prepaid Expenses and Other Assets | 165,499 | (327,170) |
| Deposits | 1,000 | - |
| <u>Increase (Decrease) in Liabilities</u> | | |
| Accounts Payable | 157,650 | (307,742) |
| Accrued Expenses | 32,900 | 15,965 |
| Deferred Life Member Dues | (481,896) | (217,730) |
| Deferred Revenue | (33,779) | (10,057) |
| Due to State Councils and Chapters | 126,344 | (128,410) |
| Deferred Rent Payable | <u>(56,492)</u> | <u>(35,907)</u> |
| Net Cash Provided by (Used in) Operating Activities | <u>1,339,325</u> | <u>(504,123)</u> |
| Cash Flows from Investing Activities | | |
| Purchases of Investments | (5,252,078) | (1,287,392) |
| Sales of Investments | 5,111,669 | 690,332 |
| Purchases of Furniture and Equipment | <u>-</u> | <u>(2,517)</u> |
| Net Cash Provided by (Used in) Investing Activities | <u>(140,409)</u> | <u>(599,577)</u> |
| Cash Flows from Financing Activities | | |
| Curtailments of Capital Lease Obligations | <u>(28,330)</u> | <u>(94,595)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,170,586 | (1,198,295) |
| Cash and Cash Equivalents, Beginning of Year | <u>6,667,868</u> | <u>7,866,163</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 7,838,454</u> | <u>\$ 6,667,868</u> |
| Supplementary Disclosure of Cash Flow Information | | |
| Cash Paid during the Year for Interest | \$ 8,833 | \$ 4,359 |
| Noncash Investing and Financing Activities | | |
| Equipment Acquired with a Capital Lease | \$ 73,617 | \$ 147,605 |

See accompanying Notes to Financial Statements.

Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization
Vietnam Veterans of America, Inc., (VVA) was incorporated in February 1978. On May 23, 1986, VVA was granted a Congressional Charter in recognition of its activities on behalf of Vietnam veterans. Its primary purposes are to foster the improvement of the condition of Vietnam-era veterans; to promote social welfare (including educational, economic, physical, and cultural improvement) in the United States by encouraging the growth, development, readjustment, self-respect, self-confidence, and usefulness of Vietnam-era and other veterans; to improve conditions and channels of communication to assist Vietnam-era veterans; to assist disabled Vietnam-era veterans, other veterans, and the dependents and survivors of such veterans who are in need of assistance; and to give special recognition to the efforts of the members of VVA and Vietnam-era veterans for their helpfulness and service to their country.

Basis of Accounting
VVA prepares its financial statements on the accrual basis of accounting. Consequently, revenues are recognized when earned and expenses are recognized when the obligations are incurred.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates and assumptions that affect the reported amounts 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 reporting period. Actual results could differ from those estimates.

Cash Equivalents
For financial statement purposes, VVA considers certain money market funds and certificates of deposit to be cash equivalents. VVA's money market funds held within investments designated for deferred life member dues are considered long-term in nature and, therefore, are not considered cash equivalents.

Accounts Receivable
Accounts receivable are reported at their outstanding balances. Management periodically evaluates the adequacy of the allowance for doubtful accounts by considering VVA's past receivables loss experience, known and inherent risks in the accounts receivable population, adverse situations that may affect a debtor's ability to pay, and current economic conditions.

The allowance for doubtful accounts is increased by charges to bad debts expense and decreased by charge offs of the accounts receivable balances. Accounts receivable are considered past due and charged off based on management's determination that they are uncollectible. As of both February 28, 2018 and 2017, management has determined that an allowance for doubtful accounts was not necessary.

Investments
VVA carries equity and debt securities at fair value. Any changes in fair value are recognized in the statements of activities and changes in net assets.

Property and Equipment
Property and equipment and software are recorded at cost and depreciated or amortized using the straight-line method over their estimated useful lives of three to five years. Land is recorded at cost and not depreciated or amortized. VVA's policy is to capitalize purchases over \$2,000. Only assets placed in service are depreciated or amortized. When fully depreciated/amortized assets are disposed of, the cost of the asset and related accumulated depreciation/amortization are removed from the accounts.

Life Member Dues
As directed by the board of directors, all life member dues are segregated from the general operating funds. VVA uses a twelve amortization period over which to recognize life member dues revenue. A portion of the annually determined amount of the life member dues is recognized as revenue in the current period and the remaining portion is paid in the current period to state councils and chapters as their respective shares of the dues. The remaining unamortized balance is carried as a liability entitled Deferred Life Member Dues.

Membership Dues
Annual membership dues paid by VVA members include portions for both VVA and the respective state councils and chapters. Annual membership dues are recognized as revenue in the current period and the remaining portion, collected but not recognized as revenue by VVA is paid to the state councils and chapters as their respective shares. VVA recognizes one-year membership dues received as membership dues revenue in the current period. VVA recognizes three-year membership dues on a prorated basis. The unamortized portion is recorded as deferred revenue.

Recycling Program
VVA's Recycling Program involves the collection of discarded household items and automobiles from the community. The items collected are sold to contracted private companies. VVA deems the items collected to be simultaneously sold to the contracted private companies, without creating any inventory for VVA. Therefore, VVA does not present on its statements of activities and changes in net assets separate amounts for cost of items sold

and contribution revenue, both in an amount equal to recycling program revenue, which represents the fair value of the items collected. Recycling program cost presented in the statements of activities and changes in net assets represents VVA's solicitation costs for generating the items collected and sales costs for selling the items. The revenue generated from such sales is exempt from income taxes under the Internal Revenue Code.

Convention and Leadership Conference
VVA sponsors its convention and leadership conference biannually in alternating years. The convention is held in odd-numbered years and the leadership conference is held in even- numbered years. VVA held a convention during the fiscal year 2017, and a leadership conference during the fiscal year 2016.

Functional Expense Allocation
The costs of providing VVA's various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services.

Income Tax Status
VVA is exempt from the payment of income taxes on its exempt activities under Section 501(c)(19) of the Internal Revenue Code (IRC). Contributions to VVA qualify as charitable contributions as defined in IRC Section 170(c). Income, if any, from unrelated business activities is subject to tax.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, VVA may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position.

Examples of tax positions include the tax-exempt status of VVA and various positions related to the potential sources of unrelated business taxable income (UBIT).

The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2018 and 2017.

VVA's policy would be to recognize interest and penalties, if any, on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. No interest and penalties were assessed or recorded during fiscal years 2018 and 2017.

VVA's Forms 990, Return of Organization Exempt from Income Tax, that have been filed as of February 28, 2018, for the years ended February 28, 2017, February 29, 2016, and February 28, 2015, are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Subsequent Events
VVA has evaluated subsequent events through June 14, 2018, the date on which the financial statements were available to be issued.

CONCENTRATION OF CREDIT RISK

VVA maintains its cash accounts and certificates of deposit in banks that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Funds held by these banks in excess of the FDIC limits were approximately \$1,762,000 as of February 28, 2018, and approximately \$2,015,000 as of February 28, 2017. Management does not feel this poses a risk to VVA.

At February 28, 2018 and 2017, additional amounts were invested in repurchase agreements of approximately \$3,498,000 and \$2,217,000, respectively that were not covered by insurance. VVA has a security interest in all securities purchased under the repurchase agreements.

LIFE MEMBERSHIPS

Life memberships are offered to VVA members at a fixed amount. In exchange for these dues, VVA is obligated to provide various services to these members for the duration of their lives. VVA has designated funds for providing future services, equivalent to the deferred revenue and liability due to the state councils and chapters. As of February 28, 2018 and 2017, VVA had \$2,971,338 and \$3,453,259, respectively, of designated investments.

INVESTMENTS

Financial assets measured using Level 1 inputs are based on unadjusted quoted market prices in active markets for identical assets.

Level 2 inputs, if any, include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from observable market data.

Level 3 inputs, if any, are obtained from the entity's own assumptions.

As of February 28, 2018, VVA's investments and their fair values consisted of the following:

| | Fair Value | Level 1 Inputs |
|-----------------------------|---------------------|---------------------|
| February 28, 2018 | | |
| Money Market Funds | \$ 377,520 | \$ 377,520 |
| Mutual Fund Equities | 77,412 | 77,412 |
| Corporate Equities | 3,366,350 | 3,366,350 |
| Fixed Income Securities | 552,721 | 552,721 |
| Mutual Funds - Fixed Income | 4,419,166 | 4,419,166 |
| Total | \$ 8,793,169 | \$ 8,793,169 |

As of February 28, 2017, VVA's investments and their fair values consisted of the following:

| | Fair Value | Level 1 Inputs |
|-----------------------------|---------------------|---------------------|
| February 28, 2017 | | |
| Money Market Funds | \$ 654,293 | \$ 2,111,583 |
| Mutual Fund Equities | 229,711 | 2,146,336 |
| Corporate Equities | 2,976,238 | 809,946 |
| Fixed Income Securities | 301,687 | 301,687 |
| Mutual Funds - Fixed Income | 3,693,779 | 1,945,868 |
| Total | \$ 7,855,708 | \$ 7,315,420 |

None of VVA's investments are valued using Level 2 or Level 3 inputs.

Investment income consisted of the following at February 28, 2018 and February 29, 2017:

| | 2018 | 2017 |
|--|-------------------|-------------------|
| Interest and Dividends | \$ 188,163 | \$ 116,444 |
| Realized Gains (Losses) on Investments | 50,519 | (133,260) |
| Unrealized Gains (Losses) on Investments | 746,533 | 378,175 |
| | \$ 985,215 | \$ 361,359 |

RETIREMENT PLAN

VVA has a defined contribution plan under Internal Revenue Code Section 401(k), covering all employees over the age of 21 after one year of service. Employees of VVA may elect to make pre-tax contributions to the Plan at a rate that may not exceed a dollar limit that is set by law. VVA may make a discretionary matching contribution at a rate determined by the board of directors. During the years ended February 28, 2018 and 2017, VVA matched up to 3% of an employee's contribution.

LEASE OBLIGATIONS

Capital Lease Obligations
VVA is obligated under multiple capital lease arrangements for office equipment. The leases bear interest at approximately 4.6% to 6.0% annually. Monthly payments range from \$315 to \$5,160 with maturity dates through November 2020. Future minimum lease payments are as follows:

| | | |
|--|-----------|----------------|
| For the Years Ending February 28, | | |
| 2019 | \$ | 74,258 |
| 2020 | | 71,849 |
| 2021 | | 50,916 |
| 2022 | | 63,131 |
| 2023 | | 13,646 |
| Total Future Minimum Lease Payments | | 273,800 |
| Interest Portion of Lease Payments | | (51,258) |
| Net Present Value of Lease Payments | \$ | 222,542 |

As of February 28, 2018, equipment and accumulated amortization under capital leases were approximately \$286,000 and \$220,000, respectively. As of February 28, 2017, equipment and accumulated amortization under capital leases were approximately \$760,000 and \$230,000, respectively. Amortization expense for equipment under capital leases was approximately \$44,000 and \$48,000, respectively, for the years ended February 28, 2018 and 2017.

Operating Lease Obligations
VVA leases its office facilities under an operating lease that expires in November 2020. The lease stipulates a 4% increase in rent per annum, and VVA is responsible for its proportionate share of operating expenses and real estate taxes.

Rental expense for office facilities for the years ended February 28, 2018 and 2017, amounted to approximately \$490,000 and \$485,000, respectively. Future minimum rental commitments are as follows:

| | | |
|-----------------------------------|-----------|------------------|
| For the Years Ending February 28, | | |
| 2019 | \$ | 556,641 |
| 2020 | | 578,907 |
| 2021 | | 447,076 |
| Total | \$ | 1,582,624 |

VIETNAM VETERANS
OF AMERICA®

8719 COLESVILLE ROAD, SUITE 100
SILVER SPRING, MD 20910
301-585-4000 .
800-VVA-1316

WWW.VVA.ORG

