

**PARALYZED VETERANS OF
AMERICA - IOWA CHAPTER**

**AUDITED
FINANCIAL STATEMENTS**

September 30, 2016 and 2015

PARALYZED VETERANS OF AMERICA – IOWA CHAPTER

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
<i>Statements of financial position</i>	3
<i>Statements of activities</i>	4
<i>Statements of functional expenses</i>	5
<i>Statements of cash flows</i>	6
Notes to financial statements	7-13

Donald C. Timmins, CPA

Kim L. Jacobsen, CPA

Jeffrey F. Strawhacker, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Paralyzed Veterans of America – Iowa Chapter

We have audited the accompanying financial statements of the Paralyzed Veterans of America - Iowa Chapter (a nonprofit organization), which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities, functional expenses, 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.

Auditor's 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 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 the Paralyzed Veterans of America – Iowa Chapter as of September 30, 2016 and 2015, and the results of its activities and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Timmins, Jacobsen & Strawhacker, LLP

TIMMINS, JACOBSEN & STRAWHACKER, LLP
Des Moines, Iowa
December 7, 2016

PARALYZED VETERANS OF AMERICA - IOWA CHAPTER
STATEMENTS OF FINANCIAL POSITION
September 30, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 11,152	\$ 9,142
Accounts receivable		3,125
Investments	133,325	122,070
Prepaid expense	2,397	10,117
Total current assets	<u>146,874</u>	<u>144,454</u>
 PROPERTY AND EQUIPMENT		
Fixed assets less accumulated depreciation of \$60,312 in 2016 and \$46,339 in 2015	<u>365,417</u>	<u>370,390</u>
 CUSTODIAL FUNDS	<u>18,765</u>	<u>11,711</u>
 TOTAL ASSETS	<u><u>\$ 531,056</u></u>	<u><u>\$ 526,555</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,659	\$ 5,526
Current portion of lease obligation	-	2,569
Total current liabilities	<u>2,659</u>	<u>8,095</u>
 LONG-TERM LIABILITIES		
Custodial funds	<u>18,765</u>	<u>11,711</u>
	<u>18,765</u>	<u>11,711</u>
 TOTAL LIABILITIES	<u>21,424</u>	<u>19,806</u>
 NET ASSETS		
Unrestricted :		
Designated		1,883
Undesignated	509,632	504,866
Total net assets	<u>509,632</u>	<u>506,749</u>
 TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 531,056</u></u>	<u><u>\$ 526,555</u></u>

See Accompanying Notes

PARALYZED VETERANS OF AMERICA - IOWA CHAPTER
STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Changes in net assets:		
Revenues, gains, and support:		
Support:		
PVA Grant	\$ 158,078	\$ 155,754
Fundraising	2,145	11,191
Contributions	35,304	40,521
Special Events	37,987	51,587
Membership dues	-	75
	<u>233,514</u>	<u>259,128</u>
Revenues and gains:		
Publication income	700	1,200
Rental income	1,920	650
Investment income	2,995	10,659
Realized (loss) gain on investments	(1,408)	60,626
Unrealized gain (loss) on investments	11,707	(57,419)
Loss on sale of assets	-	(6,179)
Other	1,391	173
	<u>17,305</u>	<u>9,710</u>
Total revenues, gains, and support	<u>250,819</u>	<u>268,838</u>
EXPENSES		
Program services:		
Membership and benefits	105,051	109,176
Public affairs	105,431	121,002
Research	7,746	6,050
Total program services	<u>218,228</u>	<u>236,228</u>
Support services:		
General and administrative	27,663	36,679
Fund raising	2,045	2,164
Total support services	<u>29,708</u>	<u>38,843</u>
Total expenses	<u>247,936</u>	<u>275,071</u>
Increase (decrease) in net assets	2,883	(6,233)
Unrestricted net assets, beginning	<u>506,749</u>	<u>512,982</u>
Unrestricted net assets, ending	<u>\$ 509,632</u>	<u>\$ 506,749</u>

See Accompanying Notes

PARALYZED VETERANS OF AMERICA - IOWA CHAPTER
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended September 30, 2016 and 2015

	2016			2015		
	Program Services	Support Services	Grand Total	Program Services	Support Services	Grand Total
	Membership and Benefits	Public Affairs	Research	General and Administrative	Fund Raising	Total
Compensation	\$ 54,420	\$ 16,745	\$ -	\$ 12,558	\$ -	\$ 83,723
Professional and consulting	1,593	1,062	-	2,655	-	5,310
Occupancy	10,270	8,216	-	2,054	-	20,540
Office supplies and expenses	12,805	3,204	-	4,693	-	20,702
Postage	1,914	-	-	213	-	2,127
Printing, publications, and promotions	391	-	-	-	-	391
Dues and subscriptions	791	198	-	-	-	989
Conferences, meetings, and travel	13,603	60,388	-	1,418	2,045	77,434
Awards and grants	-	8,224	7,606	-	-	15,830
Investment expenses	2,277	1,824	140	2,039	-	4,241
Other	6,987	5,590	-	636	-	12,577
Depreciation	\$ 105,051	\$ 105,431	\$ 7,746	\$ 1,397	\$ -	\$ 218,228
Total functional expenses				\$ 27,963	\$ 2,045	\$ 29,708

	2016			2015		
	Program Services	Support Services	Grand Total	Program Services	Support Services	Grand Total
	Membership and Benefits	Public Affairs	Research	General and Administrative	Fund Raising	Total
Compensation	\$ 57,599	\$ 17,723	\$ -	\$ 13,291	\$ -	\$ 88,613
Professional and consulting	1,545	1,030	-	2,575	-	5,150
Occupancy	19,294	15,435	-	3,859	-	38,588
Office supplies and expenses	12,238	2,823	-	7,280	-	22,341
Postage	472	-	-	53	-	525
Printing, publications, and promotions	279	-	-	-	-	279
Dues and subscriptions	642	160	-	-	-	802
Conferences, meetings, and travel	11,766	69,153	-	2,908	2,164	86,991
Awards and grants	-	10,405	6,050	-	-	16,455
Investment expenses	2,251	1,801	-	5,455	-	9,455
Other	3,090	2,472	-	640	-	6,062
Depreciation	\$ 109,178	\$ 121,002	\$ 6,050	\$ 36,679	\$ 2,164	\$ 275,071
Total functional expenses				\$ 36,679	\$ 2,164	\$ 38,843

PARALYZED VETERANS OF AMERICA - IOWA CHAPTER
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2016 and 2015

	2016	2015
Cash Flows From Operating Activities		
Change in net assets	\$ 2,883	\$ (6,233)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	13,974	6,180
Realized loss (gain) on investments	1,408	(60,626)
Unrealized (gain) loss on investments	(11,707)	57,419
Realized loss on sale of assets	-	6,179
Non cash donation	(9,000)	(5,970)
Investment expenses deducted from investment account	2,038	8,391
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	3,125	1,150
(Increase) decrease in prepaid expense	7,720	(8,684)
Increase (decrease) in accounts payable	(2,867)	2,946
Net cash provided (used) by operating activities	7,574	752
Cash Flows From Investing Activities		
Purchase of property and equipment	-	(359,434)
Proceeds from sale of investments	-	340,000
Purchase of investments	(2,995)	(13,526)
Net cash provided (used) by investing activities	(2,995)	(32,960)
Cash Flows From Financing Activities		
Principal payments on capital lease obligation	(2,569)	(3,540)
Net cash provided (used) by financing activities	(2,569)	(3,540)
Increase (decrease) in cash and cash equivalents	2,010	(35,748)
Beginning of year	9,142	44,890
End of year	\$ 11,152	\$ 9,142
Interest paid	\$ -	\$ 460
Schedule of Noncash Investing and Financing Activities		
Reinvested investment earnings	\$ 2,995	\$ (14,462)
Investment expenses deducted from account	\$ 2,038	\$ 8,391
Donated equipment	\$ 9,000	\$ 5,970

See Accompanying Notes

PARALYZED VETERANS OF AMERICA – IOWA CHAPTER
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

The Paralyzed Veterans of America – Iowa Chapter (the "Chapter") is a publicly funded organization, established for the following purposes:

- To aid and assist veterans of the Armed Forces of the United States who have suffered injuries or disease of the spinal cord.
- To publicize the needs of such veterans to effectuate the fulfillment of such needs as far as possible.
- To promote the full participation of the spinal cord injured or diseased into society by carrying out educational programs and by acquainting the public with their needs and problems and by aiding and assisting such constituent associations which may be organized for the same purposes.
- To advocate and foster thorough and continuing medical research in the fields connected with injuries and diseases of the spinal cord, including research in neurosurgery, genitourinary, orthopedics, and prosthetic appliances.
- To advocate and foster a comprehensive and effective reconditioning program for its members, as well as paraplegics, to include a thorough physical reconditioning program; physiotherapy; competent walking instructions; an active sports program; adequate guidance, both vocational and educational; academic and vocational education, both in hospitals and educational institutions; psychological orientations and readjustments to family and friends, and functional and diversional occupational therapy.
- To cooperate and serve as a chapter of the national organization, the Paralyzed Veterans of America (PVA).

The Chapter is supported primarily through a grant from the Paralyzed Veterans of America, private donations, and special events revenue.

A summary of the organization's significant accounting policies are as follows:

Basis of accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the standards of accounting and financial reporting for voluntary health and welfare organizations.

Basis of presentation:

The Chapter's financial statements are presented using standards established for external reporting by not-for-profit organizations. Those standards require that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. Net asset categories can be unrestricted, temporarily restricted, or permanently restricted. In addition, the Chapter is required to present a statement of cash flows.

PARALYZED VETERANS OF AMERICA – IOWA CHAPTER
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

Note 1. Nature of Organization and Significant Accounting Policies (continued)

A summary of the organization's significant accounting policies follows (continued):

Cash and cash equivalents:

For financial statement purposes, the Chapter considers checking and savings accounts (excluding custodial accounts) to be cash equivalents.

Investments:

Investments in marketable securities with readily determinable fair values, and all investments in debt securities are reported at their fair values in the statement of financial position. The market values of investments are determined based on quoted active market prices using level 1 measurements provided by external investment managers. Unrealized gains and losses are included in the statement of activities.

Property and equipment:

Property and equipment are stated at cost, or if donated, at the fair market value at date of donation. Capitalization of equipment purchases is determined on an item-by-item basis. Depreciation is recorded on the straight-line basis over the estimated useful lives. Maintenance and repairs are expensed as incurred, while major renewals and betterments are capitalized.

Donated services:

No amounts are recorded for donated services, as no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of time to the organization. Donated services are recognized for those services that improve or enhance property and equipment (as contributions and increases to property and equipment) or for those that require specialized skills (as contributions and expenses). During 2016 and 2015, no contributed services were received which meet the criteria stated above.

Contributions:

Contributions are recorded as unrestricted revenue when they are received or unconditionally pledged. Gifts of cash or other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions and gifts that are spent for their restricted purpose in the same year as the receipt are reported as unrestricted revenue. Gifts of equipment or other similar assets are reported as unrestricted revenue unless explicit donor stipulations specify how the donated assets must be used.

PARALYZED VETERANS OF AMERICA – IOWA CHAPTER
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

Note 1. Nature of Organization and Significant Accounting Policies (continued)

A summary of the organization's significant accounting policies follows (continued):

Functional expense allocations:

The allocations of expenses shown on the statement of functional expenses were made first by direct assignment of costs to functional categories where a direct relationship exists. Other common expenses have been allocated to separate functional categories based on management's estimate of time spent in each area.

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 amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments and Credit Risk:

Financial instruments that potentially subject the Chapter to concentrations of credit risk consist principally of cash and investment securities. The Chapter maintains its cash in various bank deposit accounts at a local financial institution. All cash deposits at financial institutions were fully insured at September 30, 2016 and 2015.

The Chapter has investments in stocks, bonds, and mutual funds and is therefore subject to concentrations of credit risk. Investments are made by an investment manager engaged by the Chapter and are monitored by the Board of Directors in accordance with the Chapter's investment policy. Though the market value of investments is subject to fluctuations based on market conditions, management believes the investment policy is prudent for the long-term welfare of the Chapter.

Accounts receivable:

Accounts receivable are recorded at the amount management expects to collect on balances outstanding at year-end. All recorded accounts receivable are considered to be collectible in full. Therefore, no provision for an allowance for doubtful accounts has been provided for in the financial statements. Management monitors outstanding balances and writes off uncollectible amounts when they are considered to no longer be collectible.

Note 2. Description of Program and Supporting Services

The Membership and Benefits program provides services at no charge to individuals who are veterans of military service and whom have paralysis or impairment caused by a spinal cord injury or disease. This program also sponsors a variety of activities for its members and their families. In addition, the program publishes a newsletter, which discusses current issues of importance to spinal cord injured and handicapped individuals.

PARALYZED VETERANS OF AMERICA – IOWA CHAPTER
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

Note 2. Description of Program and Supporting Services (continued)

Public affairs maintains ongoing advocacy programs to promote special needs of the handicapped, including accessibility of public and private structures to individuals confined to wheelchairs, the advancement of civil rights of all citizens with disabilities, sponsoring of various sports events for the handicapped, and education of the general public as to the needs and care of persons with spinal cord dysfunction.

Awards are given for grants for medical and technological research into the treatment of spinal cord injuries and for the development of rehabilitative methods and devices. The Chapter also awards grants to institutions to promote the quality of life for people with spinal cord dysfunction through education and training of the entire health professional team, with the patient/client as the central focus.

General and administrative expenses include the functions necessary to provide coordination and articulation of the Chapter's program strategy; to secure proper administrative functioning of the Board of Directors; to manage the financial and budgetary responsibilities of the Chapter; and to manage meetings and conferences of the Chapter.

Fund-raising activities include publicizing and conducting fund-raising campaigns; maintaining donor lists; and conducting other activities involved with soliciting contributions from individuals, corporations and others.

Note 3. Investments

Investments are stated at their fair value based on quoted prices in active markets, using level 1 measurements, with realized and unrealized gains and losses reflected in the statement of activities. Investments at September 30, 2016 and 2015 are summarized as follows:

	2016	
	Cost	Fair Value
Money Market	\$ 8,240	\$ 8,240
Fixed Income Securities	42,039	42,867
Domestic Equities	79,171	82,218
	\$ 129,450	\$ 133,325

	2015	
	Cost	Fair Value
Money Market	\$ 5,556	\$ 5,556
Fixed Income Securities	34,185	40,082
Domestic Equities	90,199	76,432
	\$ 129,940	\$ 122,070

**PARALYZED VETERANS OF AMERICA – IOWA CHAPTER
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015**

Note 4. Property and Equipment

A summary of changes in property and equipment is as follows:

Year Ended September 30, 2016				
	Beginning Balance	Additions	Deletions	Ending Balance
Office Furniture & Equipment	\$ 56,986	\$ -	\$ -	\$ 56,986
Building	356,370	-	-	356,370
Sports Equipment	3,373	9,000	-	12,373
	\$416,729	\$ 9,000	\$ -	\$425,729
Year Ended September 30, 2015				
	Beginning Balance	Additions	Deletions	Ending Balance
Office Furniture & Equipment	\$ 47,952	\$ 9,034	\$ -	\$ 56,986
Building	-	356,370	-	356,370
Sports Equipment	3,373	-	-	3,373
Leasehold Improvements	24,617	-	(24,617)	-
	\$ 75,942	\$365,404	\$(24,617)	\$416,729

Depreciation expense for the years ended September 30, 2016 and 2015 was \$13,974 and \$6,180 respectively.

Note 5. Income Taxes

The Chapter is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code pursuant to a group exemption under the Paralyzed Veterans of America, and contributions are tax deductible to donors under Section 170 (c)(3) of the Internal Revenue Code. The Chapter annually files a Federal return as an exempt organization citing Internal Revenue Exemption Letter dated March 17, 1998. The Chapter is subject to federal and state income taxes to the extent it has unrelated business income. In accordance with the accounting guidance for uncertainty in income taxes, management has evaluated their material tax positions and determined that there are no income tax effects with respect to the financial statements. The Chapter is no longer subject to U.S. federal income tax examinations by tax authorities on filed returns for fiscal years ending prior to September 30, 2014.

**PARALYZED VETERANS OF AMERICA – IOWA CHAPTER
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015**

Note 6. Lease Commitments

The Chapter previously leased office space under an operating lease that expired April 30, 2015. Those lease payments were \$2,700 per month. It was approved by the Board at the March 19, 2015 meeting to extend the lease until June 30, 2015, with monthly lease payments of \$1,250 until the new office was ready for occupation.

Total rental expense for the office lease for the years ended September 30, 2016 and 2015 was \$0 and \$21,400, respectively.

The Chapter periodically subleases their conference rooms for use by other organizations. Total revenue from subleasing for the years ended September 30, 2016 and 2015 was \$1,920 and \$650, respectively.

Note 7. Capital Leases

Equipment under capital leases consists of one copier with a capitalized cost of \$12,444. Accumulated depreciation of \$6,222 and \$4,444 and related depreciation expense of \$1,778 and \$1,778 for the leased copier is included in the statement of financial position and statement of activities for the years ended September 30, 2016 and 2015.

Note 8. Related Party Transactions and Major Funding Source

The Chapter receives a yearly operating grant from the Paralyzed Veterans of America. Total grant dollars received during the fiscal years ended September 30, 2016 and 2015, were \$158,078 and \$155,754 respectively. This grant represents a major funding source accounting for 63% and 57% of total revenues for 2016 and 2015, respectively.

The Chapter also received grants from the Paralyzed Veterans of America for support of its trapshoot and fishing events. Total grants received for these events for the fiscal years ended September 30, 2016 and 2015 were \$26,000 and \$7,500 respectively.

The Chapter paid \$6,000 to the Paralyzed Veterans of America in support of medical research in each of the years ended September 30, 2016 and 2015.

Note 9. Cash and Cash Equivalents

The Chapter's cash and cash equivalents consisted of the following at September 30, 2016 and 2015:

	2016	2015
General checking	\$ 1,142	\$ 3,251
Checking - special events	3,181	1,883
Savings accounts	6,829	4,008
	\$ 11,152	\$ 9,142

PARALYZED VETERANS OF AMERICA – IOWA CHAPTER
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

Note 10. Fair Value of Financial Instruments

Generally accepted accounting principles defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

In accordance with generally accepted accounting principles, the Chapter has categorized its financial instruments based on the priority of the inputs to the valuation technique, into a three level hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall into different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument. The Chapter has financial instruments in Level 1 only.

Note 11. Board Designated Fund

The Board of Directors had designated certain cash funds to be set aside for the Chapter's Castaway events. The funds are increased or decreased by revenues and expenses of the tournament. As of September 30, 2016 and 2015 the Chapter had board designated funds of \$0 and \$1,883 respectively.

Note 12. Subsequent Events

An evaluation was performed of the Chapter's subsequent events occurring after the fiscal year-end through December 7, 2016. This date represents the date the financial statements were available to be issued.