



AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015



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PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Paralyzed Veterans of America – Buckeye Chapter, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Paralyzed Veterans of America – Buckeye Chapter, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements 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 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 – Buckeye Chapter, Inc. as of September 30, 2016 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We previously audited Paralyzed Veterans of America – Buckeye Chapter, Inc. 2015 financial statements, and our report dated December 19, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cleveland, Ohio
December 17, 2016

H•J
Certified Public Accountants

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS:		
Cash & Cash Equivalents	\$ 41,757	\$ 26,569
Prepaid Expenses	2,965	2,996
	<u>44,722</u>	<u>29,565</u>
OTHER ASSETS:		
Investments	1,414,376	1,348,970
Deposits	-	280
	<u>1,414,376</u>	<u>1,349,250</u>
Total Assets	<u>\$ 1,459,098</u>	<u>\$ 1,378,815</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ 10,501	\$ 466
Accrued Vacation	-	2,600
Accrued Payroll-Related	318	467
Total Current Liabilities	<u>10,819</u>	<u>3,533</u>
NET ASSETS:		
Unrestricted	1,443,535	1,369,734
Temporarily Restricted	4,744	5,548
	<u>1,448,279</u>	<u>1,375,282</u>
Total Liabilities & Net Assets	<u>\$ 1,459,098</u>	<u>\$ 1,378,815</u>

See accompanying notes.

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

STATEMENTS OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	Temporarily Restricted	Unrestricted	2016	2015
REVENUE				
National Paralyzed VOA Grants	\$ -	\$ 158,079	\$ 158,079	\$ 155,753
Individuals & Corporations	-	46,638	46,638	54,063
Special Events, Net of Direct Donor Benefits of \$10,576 (2016) and \$9,637 (2015)	-	31,240	31,240	24,442
Donated Occupancy	-	18,000	18,000	18,000
National Paralyzed VOA - Other Grants	-	9,326	9,326	10,326
Foundations and Other	-	5,000	5,000	784
Investment Income	-	5	5	18
Bequest	-	-	-	12,947
Other Revenue	-	-	-	1,438
Net Assets Released from Restrictions	(804)	804	-	-
TOTAL REVENUE	(804)	269,092	268,288	277,771
EXPENSES				
Program Services				
Membership & Benefits	-	117,497	117,497	124,111
Public Affairs	-	163,118	163,118	145,027
Research	-	2,000	2,000	1,500
Total Program Services	-	282,615	282,615	270,638
Supporting Services				
Management & General	-	28,491	28,491	21,794
Fund Raising	-	9,591	9,591	7,916
Total Supporting Services	-	38,082	38,082	29,710
TOTAL EXPENSES	-	320,697	320,697	300,348
CHANGE IN NET ASSETS FROM OPERATIONS	(804)	(51,605)	(52,409)	(22,577)
INVESTMENT INCOME (LOSS)	-	125,406	125,406	(96,536)
CHANGE IN NET ASSETS	(804)	73,801	72,997	(119,113)
NET ASSETS – Beginning	5,548	1,369,734	1,375,282	1,494,395
NET ASSETS – Ending	\$ 4,744	\$ 1,443,535	\$ 1,448,279	\$ 1,375,282

See accompanying notes.

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	Membership & Benefit	Public Affairs	Research	Total	General & Administrative	Fund Raising	Total	2016	2015
EXPENSES									
Salaries	\$ 37,336	\$ 37,336	\$ -	\$ 74,672	\$ 4,703	\$ 4,703	\$ 9,406	\$ 84,078	\$ 70,622
Payroll Taxes	3,737	3,737	-	7,474	471	471	942	8,416	6,180
Employee Benefits	2,104	2,104	-	4,208	265	265	530	4,738	4,299
	<u>43,177</u>	<u>43,177</u>	<u>-</u>	<u>86,354</u>	<u>5,439</u>	<u>5,439</u>	<u>10,878</u>	<u>97,232</u>	<u>81,101</u>
Awards & Grants	18,805	38,128	2,000	58,933	156	138	294	59,227	48,330
Conferences, Meeting, & Travel	2,842	50,883	-	53,725	490	175	665	54,390	60,142
Occupancy	24,263	22,746	-	47,009	2,527	1,011	3,538	50,547	48,994
Newsletter	20,283	-	-	20,283	-	-	-	20,283	14,424
Professional & Consulting	-	-	-	-	12,767	-	12,767	12,767	9,339
Printing, Publications & Promotion	3,076	5,096	-	8,172	863	2,363	3,226	11,398	12,682
Contracted Services	5,051	2,615	-	7,666	1,154	335	1,489	9,155	18,526
Office Supplies & Expense	-	117	-	117	4,507	8	4,515	4,632	3,987
Dues & Subscriptions	-	-	-	-	588	-	588	588	1,189
Events	-	356	-	356	-	122	122	478	1,634
TOTAL EXPENSES	<u>\$ 117,497</u>	<u>\$ 163,118</u>	<u>\$ 2,000</u>	<u>\$ 282,615</u>	<u>\$ 28,491</u>	<u>\$ 9,591</u>	<u>\$ 38,082</u>	<u>\$ 320,697</u>	<u>\$ 300,348</u>

See accompanying notes.

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

STATEMENTS OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 72,997	\$ (119,113)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Investment Return (Gain) Loss	(125,406)	96,536
Impact on Cash from Changes in:		
Prepaid Expenses	31	(1,824)
Deposits	280	
Accounts Payable	10,035	(6,728)
Accrued Payroll-Related	<u>(2,749)</u>	<u>1,617</u>
Total Adjustments	<u>(117,809)</u>	<u>89,601</u>
Cash Used by Operating Activities	<u>(44,812)</u>	<u>(29,512)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Proceeds from Sale of Investments	<u>60,000</u>	<u>25,000</u>
Cash Provided by Investing Activities	<u>60,000</u>	<u>25,000</u>
NET INCREASE(DECREASE) IN CASH	15,188	(4,512)
CASH & CASH EQUIVALENTS - BEGINNING OF YEAR	<u>26,569</u>	<u>31,081</u>
CASH & CASH EQUIVALENTS - AT END OF YEAR	<u>\$ 41,757</u>	<u>\$ 26,569</u>

See accompanying notes.

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

NOTES:

NATURE OF OPERATIONS AND MISSION STATEMENT

The Paralyzed Veterans of America, Inc. - Buckeye Chapter (the Chapter) was incorporated in 1972 in the State of Ohio and is an affiliated member of the Paralyzed Veterans of America (the National Organization) located in Washington, DC and must adhere to certain rules, regulations, and guidelines as set forth by the National Organization in fulfilling their purposes.

The mission of the Chapter is to strive to improve the quality of life of honorably discharged veterans who have spinal cord injury, dysfunction, or illness including but not limited to multiple sclerosis and ALS (Lou Gehrig's disease) through advocacy, medical research, sports and recreation, education, and communication.

The Chapter has developed a unique expertise on a wide variety of issues involving the special needs of our members – veterans of the armed forces who have experienced spinal cord injury or dysfunction.

The Chapter will use that expertise to be the leading advocate for:

- Quality health care for our members
- Research and education addressing spinal cord injury and dysfunction
- Benefits available as a result of our members' military service
- Civil rights and opportunities which maximize the independence of our members

To enable the Chapter to continue to honor this commitment, we must recruit and train members who have the experience, energy, dedication, and passion necessary to manage the Chapter and ensure adequate resources to sustain the programs essential for the Chapter to achieve its mission.

The Chapter is a Better Business Bureau-accredited charity, meeting all 20 "Standards of Charity Accountability."

The Chapter's website address is www.buckeyepva.org.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

COMPARATIVE FINANCIAL STATEMENTS

The financial statements include certain 2015 comparative amounts. Such total amounts, for 2015 only do not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such amounts should be read in conjunction with the Chapter's financial statements for the year ended September 30, 2015, from which the comparative total amounts were derived. The auditor's report dated December 19, 2015 expressed an unmodified opinion on those financial statements.

BASIS OF ACCOUNTING

The financial statements of the Chapter have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

NOTES (CONTINUED):

BASIS OF PRESENTATION

The Chapter is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

RECOGNITION OF CONTRIBUTION REVENUE

Contributions received are recorded as unrestricted, temporarily restricted, and permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of time or purpose restrictions. Permanently restricted net assets represent endowment fund which are subject to donor restrictions that the contributed principal be invested in perpetuity and only the income be utilized.

The Chapter considers all contributions to be unrestricted unless specifically restricted by the donor.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on those amounts are computed using the risk-free interest rates applicable for the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Contributions of cash or other assets restricted to the acquisition of long-lived assets are recorded as temporarily restricted contributions. If there are no donor restrictions on the long-lived asset's use, the donor restrictions are considered met once the long-lived assets are acquired and the temporarily restricted net assets are reclassified to the unrestricted net asset class.

RECLASSIFICATIONS

Certain amounts for the year ended September 30, 2015 have been reclassified to reflect comparability with the September 30, 2016 presentation.

INCOME TAX STATUS

The Chapter is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Chapter currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

The Chapter's policy is to record a liability for any tax position taken that is beneficial to the Chapter, including penalties and interest, when it is more likely than not the position taken will be overturned by a taxing authority upon examination. Management believes there are no such positions as of September 30, 2016 and, accordingly, no liability has been accrued.

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

NOTES (CONTINUED):

FAIR VALUE MEASUREMENTS

FASB ASC Topic Fair Value Measurements and Disclosures defines fair value and establishes a framework for measuring fair value for those assets and liabilities that are measured at fair value on a recurring basis. In accordance with the Fair Value Measurements and Disclosures Topic, the Chapter has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). For the Chapter, the financial assets and liabilities reported at fair value are based upon quoted prices for identical assets or liabilities in an active market that the Chapter has the ability to access (Level 1). As of and for the years ended September 30, 2016 and 2015, only the Chapter's investments, as described in Note 2 to these financial statements, were measured at fair value on a recurring basis and are subject to the Fair Value Measurements and Disclosures Topic of FASB ASC.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value amounts for specific groups of financial instruments are presented within the notes applicable to such items. Accounts receivable and accounts payable are stated at cost, which approximates fair value, due to their short term maturity. The fair value of investments is disclosed in other notes and is based upon values calculated with either time-value discounts and values provided by external investment managers or quoted market values, respectively.

ADVERTISING

Advertising costs are expensed as incurred. Advertising expense amounted to \$-0- for 2016 and 2015.

ACCOUNTS AND GRANTS OR PLEDGES RECEIVABLE

Accounts and grants or pledges receivable are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance amount is \$-0- at September 30, 2016 and 2015.

DONATED MATERIALS AND SERVICES

Donated property, marketable securities and other non-cash donations are recorded as contributions at their fair market value at the date of donation.

The Chapter recognized donated occupancy in the amount of \$18,000 for 2016 and 2015 of which an amount of \$6,000 and has been recognized as a "public affairs" program occupancy expense, representing office space provided at the Veterans Administration Hospital (Cleveland, Ohio). The balance of donated occupancy is derived from the terms of the Chapter's office lease and has been allocated functionally based on the programs or support services benefited.

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

NOTES (CONTINUED):

Board members and some volunteers of the Chapter have donated significant amounts of time in furthering the Chapter's programs and objectives. These services are in the areas of: strategic planning, legal, budgeting, fund raising, and computer technology. No amounts have been included in the financial statements for donated member or volunteer services described above since they did not meet the criteria for recognition.

FIXED ASSETS

The Chapter uses the straight-line method of depreciating fixed assets over the estimated useful lives ranging from five to ten years. The policy of the Chapter is to capitalize purchases over \$5,000. Depreciation expense was \$-0- for 2016 and 2015. Routine repairs and maintenance are expensed as incurred.

CASH AND CASH EQUIVALENTS

The Chapter's cash and cash equivalents, which are deposited in financial institutions, may at times exceed federally insured limits. The Chapter has not experienced losses in such accounts and believes it is not exposed to significant credit risk on its cash and cash equivalents. Cash equivalents are highly liquid investments with an original maturity of three months or less at the date of purchase. Because of the short maturity of these financial instruments, the carrying value approximates the fair value.

USE OF ESTIMATES

The preparation of financial statements in certain instances requires management to make estimates and assumptions that affect the reported amounts of assets 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.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair value. The cost assigned to investments received by gift is the fair value at the date the gift is received. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average historical value (cost of securities if purchased or the fair market value at the date of gift if received by donation). Dividend and interest income is recorded on the accrual basis. In accordance with the policy of stating investments at fair value, the net change in unrealized appreciation or depreciation for the year is reflected in the Statement of Activities.

The various investments in stocks, securities, mutual funds, and other investments are exposed to a variety of uncertainties, including interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these instruments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the Chapter.

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

NOTES (CONTINUED):

SUBSEQUENT EVENTS

In preparing these financial statements, the Chapter has evaluated events and transactions for potential recognition or disclosure through December 17, 2016, the date the financial statements were available to be issued.

2. RETIREMENT EXPENSE

The Chapter has a contributory retirement plan, with a required 3% of wages contribution for all participating employees and a matching contribution of up to 3% of the employee's contribution. Retirement plan expense amounted to \$4,738 (2016) and \$4,299 (2015).

3. INVESTMENTS

As of September 30, 2016 and 2015, the Chapter has valued all of its investments using quoted prices in active markets for identical assets (Level 1, as described in Note 1 to these financial statements).

	2016		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equities	\$ 775,819	\$ 886,416	\$ 110,597
Mutual Funds	341,548	330,237	(11,311)
Fixed Income	193,245	192,872	(373)
Cash Equivalents	4,851	4,851	-
	<u>\$ 1,315,463</u>	<u>\$ 1,414,376</u>	<u>\$ 98,913</u>
	2015		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equities	\$ 827,166	\$ 832,230	\$ 5,064
Mutual Funds	364,022	378,839	14,817
Fixed Income	105,245	105,113	(132)
Cash Equivalents	32,788	32,788	-
	<u>\$ 1,329,221</u>	<u>\$ 1,348,970</u>	<u>\$ 19,749</u>

The following schedule summarizes the investment return in the Statement of Activities for the years ended September 30:

	2016	2015
Net Unrealized Gain (Loss)	\$ 68,691	\$ (142,252)
Interest & Dividend Income	30,183	30,195
Realized Gains	26,532	15,521
	<u>\$ 125,406</u>	<u>\$ (96,536)</u>

Investment expenses for the years ended September 30, 2016 and 2015 were \$-0-.

PARALYZED VETERANS OF AMERICA, INC. – BUCKEYE CHAPTER

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

NOTES (CONTINUED):

The Chapter invests in a professionally managed portfolio that contains common shares of publicly-traded companies, mutual funds, and money market funds. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

4. OPERATING LEASE COMMITMENTS

The Chapter leases office space under an operating lease expiring on July 8, 2019. The base rent for the office space begins at \$2,800 per month, or \$33,600 per year. The annual base rent increases by \$1,200 effective July 4, 2017 for the remainder of the lease. An in-kind donation of \$1,000 per month, for the duration of this lease, is included in the contract and is reflected on the Statement of Activities as an in-kind donation. The value of the donation is management's estimate of the difference between the actual rent paid and the fair market value of rental space within the multi-office facility where the Chapter is a tenant.

The Chapter also leases office equipment at approximately \$200 per month, expiring in March 2018.

As of September 30, 2016, future minimum rental payments due under the terms of the operating lease agreements, net of any in-kind donation, are as follows:

2017	\$	36,200
2018		36,000
2019		<u>29,000</u>
		<u>\$ 101,200</u>

For the years ended September 30, rent expense, including the in-kind donation, approximate \$42,000 (2016) and \$43,000 (2015).

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at September 30 consist of \$4,744 (2016) and \$5,548 (2015) in amounts restricted for use in reimbursing PVA member families for travel costs to Ohio VA Hospitals.

6. DESCRIPTION OF PROGRAM SERVICES

The following program services are included in the accompanying financial statements:

- Veterans benefits
- Wheelchair sports & recreation
- Spinal cord injury research
- Advocacy to eliminate architectural barriers and protect civil rights for persons with disabilities
- Referral services for assistive devices, housing, employment, and transportation
- Literature on a variety of topics, including self-care, independent living and disability rights