

**PARALYZED VETERANS OF AMERICA -
WISCONSIN CHAPTER INC.**

(A nonprofit organization)

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014

WITH INDEPENDENT AUDITORS' REPORT

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Vrakas S.C.
445 South Moorland Road, Suite 400
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Paralyzed Veterans of America - Wisconsin Chapter Inc.

We have audited the accompanying financial statements of Paralyzed Veterans of America - Wisconsin Chapter Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2015 and 2014, the related statements of activities and cash flows for the years then ended, the related statement of functional expenses for the year ended September 30, 2015 (with summarized totals for the year ended September 30, 2014), 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 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 Paralyzed Veterans of America - Wisconsin Chapter Inc. as of September 30, 2015 and 2014, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Vrakas S.C.

Brookfield, Wisconsin
November 9, 2015

PARALYZED VETERANS OF AMERICA - WISCONSIN CHAPTER INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 119,478	\$ 140,648
Other receivables and prepaid expenses	16,506	9,763
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	135,984	150,411
PROPERTY AND EQUIPMENT		
Land	103,900	103,900
Building and improvements	204,794	202,841
Office furniture and equipment	52,118	40,948
	<hr/>	<hr/>
TOTAL PROPERTY AND EQUIPMENT	360,812	347,689
Less - accumulated depreciation	140,943	133,310
	<hr/>	<hr/>
NET PROPERTY AND EQUIPMENT	219,869	214,379
INVESTMENTS	178,553	76,046
RENTAL LAND AND BUILDING , at cost less accumulated depreciation	260,748	268,929
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 795,154</u>	<u>\$ 709,765</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,507	\$ 3,420
Accrued liabilities	26,588	28,269
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	30,095	31,689
NET ASSETS		
Unrestricted	687,130	618,205
Board designated	44,885	51,575
Temporarily restricted	33,044	8,296
	<hr/>	<hr/>
TOTAL NET ASSETS	765,059	678,076
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 795,154</u>	<u>\$ 709,765</u>

The accompanying notes are an integral part of these statements.

PARALYZED VETERANS OF AMERICA - WISCONSIN CHAPTER INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
UNRESTRICTED NET ASSETS		
Support and revenue		
Fundraising and contributions	\$ 216,633	\$ 152,306
PVA grant	155,775	155,000
Event registration fees	5,845	1,416
Donated goods and services	11,746	22,560
Special event fundraising, net	2,538	2,350
Investment income (loss)	(9,652)	7,177
Net rental income	27,392	23,877
Other income	2,314	3,383
	<hr/>	<hr/>
Total unrestricted support and revenue before net assets released from restrictions	412,591	368,069
Net assets released from restrictions	39,819	9,867
	<hr/>	<hr/>
Total unrestricted support and revenue	452,410	377,936
Expenses		
Program services		
Membership and benefits	95,433	102,569
Public affairs	190,294	111,787
Research and education	30,009	19,763
	<hr/>	<hr/>
Total program services	315,736	234,119
Management and general	22,939	66,750
Fundraising	51,500	39,677
	<hr/>	<hr/>
Total expenses	390,175	340,546
	<hr/>	<hr/>
CHANGE IN UNRESTRICTED NET ASSETS	62,235	37,390
TEMPORARILY RESTRICTED NET ASSETS		
Fundraising and contributions	64,567	7,963
Net assets released from restrictions	(39,819)	(9,867)
	<hr/>	<hr/>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	24,748	(1,904)
	<hr/>	<hr/>
CHANGE IN NET ASSETS	86,983	35,486
NET ASSETS		
Beginning of year	678,076	642,590
	<hr/>	<hr/>
End of year	\$ 765,059	\$ 678,076
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The accompanying notes are an integral part of these statements.

PARALYZED VETERANS OF AMERICA - WISCONSIN CHAPTER INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 86,983	\$ 35,486
Add (deduct)		
Depreciation	15,814	15,865
Contribution of investments	-	(27,945)
Realized gain on investments	(11,087)	-
Unrealized (appreciation) depreciation of investments	24,333	(4,510)
Increase (decrease) in cash and cash equivalents due to changes in		
Other receivables and prepaid expenses	(6,743)	17,387
Accounts payable	87	(7,364)
Accrued liabilities	(1,681)	(205)
NET CASH FLOW - OPERATING ACTIVITIES	<u>107,706</u>	<u>28,714</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(13,123)	(8,981)
Purchases of investments	(341,314)	(2,179)
Proceeds from sales of investments	225,561	29,538
NET CASH FLOW - INVESTING ACTIVITIES	<u>(128,876)</u>	<u>18,378</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(21,170)</u>	<u>47,092</u>
CASH AND CASH EQUIVALENTS		
Beginning of year	140,648	93,556
End of year	<u>\$ 119,478</u>	<u>\$ 140,648</u>
ADDITIONAL INFORMATION		
Contribution of investments		<u>\$ 27,945</u>

The accompanying notes are an integral part of these statements.

PARALYZED VETERANS OF AMERICA - WISCONSIN CHAPTER INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2015

(With summarized totals for the year ended September 30, 2014)

	PROGRAM SERVICES				SUPPORTING SERVICES		2015 totals	2014 totals
	Membership and benefits	Public affairs	Research and education	Total	Management and general	Fund- raising		
Compensation, taxes and benefits	\$ 49,037	\$ 79,059	\$ 10,921	\$ 139,017	\$ 5,222	\$ 15,940	\$ 160,179	\$ 130,974
Professional and consulting	3,156	2,104	1,052	6,312	1,052	10,100	17,464	34,926
Occupancy	9,082	6,054	3,027	18,163	3,027	3,027	24,217	24,126
Office supplies and expenses	7,484	4,079	2,039	13,602	2,039	2,039	17,680	16,956
Postage and shipping	1,948	114	16	2,078	394	1,796	4,268	4,130
Printing, publications and promotion	7,988	908	-	8,896	880	5,231	15,007	11,005
Dues and subscriptions	220	330	-	550	853	51	1,454	1,984
Conferences, meetings and travel	13,447	73,692	-	87,139	8,220	11,586	106,945	90,989
National Veteran Wheelchair Games	-	9,228	-	9,228	-	-	9,228	10,950
Awards, scholarships, grants	209	12,817	12,000	25,026	298	776	26,100	7,077
Total expenses before depreciation	92,571	188,385	29,055	310,011	21,985	50,546	382,542	333,117
Depreciation	2,862	1,909	954	5,725	954	954	7,633	7,429
Total 2015 expenses	\$ 95,433	\$ 190,294	\$ 30,009	\$ 315,736	\$ 22,939	\$ 51,500	\$ 390,175	
Total 2014 expenses	\$ 102,569	\$ 111,787	\$ 19,763	\$ 234,119	\$ 66,750	\$ 39,677		\$ 340,546

The accompanying notes are an integral part of this schedule.

PARALYZED VETERANS OF AMERICA - WISCONSIN CHAPTER INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014

1. NATURE OF OPERATIONS

Paralyzed Veterans of America - Wisconsin Chapter Inc. (WPVA and/or the organization) is one of 34 chapters of Paralyzed Veterans of America (PVA). Founded in 1947, PVA is organized to provide services to veterans and be an advocate for the disabled community. WPVA gained admission in PVA in 1980 and received its Chapter Charter in November 1981. The national organization, PVA, has agreed to support WPVA with an annual chapter grant. The approved PVA annual grant for the remaining nine months ending June 30, 2016 is \$118,575.

In order to provide services to veterans and be an advocate for the disabled community, WPVA has several programs. Program services include:

Membership and benefits - Each PVA chapter is required to maintain an active outreach program to maintain members and solicit new members. Benefit services (including liaison) to the membership are in the areas of education, hospital liaison, NSO referrals, etc. Each PVA chapter is also required to maintain member contact, producing and distributing publications.

Public affairs - Each PVA chapter is required to be proactive in legislation, civil rights and barrier-free design and to create public awareness of issues of concern to members using news media. Additionally, each chapter must provide a program to improve the quality of life of paralyzed veterans and other persons with disabilities by assisting with the expansion of both the quality and quantity of opportunities in sports and recreation, especially those activities that enhance lifetime health and fitness.

Research and education - In order to support research and education in the areas of care and cure of veterans with paralysis, PVA established the PVA Research Foundation and the PVA Education Foundation. PVA chapters are encouraged to support programs directed toward research and education.

Fundraising - Each PVA chapter is required to operate a program to raise funds in order to further implement and enhance the other PVA chapter programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements of the organization have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

Basis of presentation - The organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Temporarily restricted net assets consist of contributions restricted for the SCI Center, Students Serving Heroes and various other programs and events. WPVA has no permanently restricted net assets.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent events - The financial statements include management's evaluation of the events and transactions occurring subsequent to September 30, 2015 through November 9, 2015, which is the date the financial statements were available to be issued.

Cash and cash equivalents - The organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. Cash is held primarily in four checking and savings accounts at a bank in southeastern Wisconsin. The Federal Deposit Insurance Corporation (FDIC) provides limited insurance on cash deposits. At times, the organization's cash deposits may exceed the FDIC insurance limit, however, the organization does not expect to experience any losses on its cash deposits. Cash equivalents consist of money market funds held at an investment firm as of September 30, 2015 and 2014.

Investments - Investments are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical investments (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows.

- Level 1 - Valuation is based upon quoted prices in active markets for identical investments.
- Level 2 - Valuation is based upon other significant observable inputs (including quoted prices for similar investments).
- Level 3 - Valuation is based upon significant unobservable inputs (including the plan's assumptions in determining the fair value of investments).

The fair value methodology applied by the organization may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different value measurement at the reporting date.

The organization determined the fair values of its investment securities using quoted prices in active markets. As such, this valuation falls under level 1 of the fair value hierarchy described above. The investments, managed by Morgan Stanley Smith Barney, LLC, are comprised of the following as of September 30.

	2015	2014
Mutual funds	\$ 94,347	\$54,560
Exchange traded funds	84,206	21,486
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Total investments	\$178,553	\$76,046
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Following is a summary of the investment income (loss).

	2015	2014
Dividends and capital gains	\$ 3,594	\$ 2,667
Realized gains (losses)	11,087	-
Unrealized gains (losses)	(24,333)	4,510
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Total investment income (loss)	\$ (9,652)	\$ 7,177
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Property and equipment - Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at the fair value on the date of the donation. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on a straight-line basis.

Building and improvements	7 to 39 years
Office furniture and equipment	5 to 7 years

Long-lived assets - The organization annually considers whether indicators of impairment of long-lived assets held for use are present. If such indicators are present, the organization determines whether the sum of the estimated undiscounted future cash flow attributable to such assets is less than their carrying amounts, and if so, the organization would recognize an impairment loss based on the excess of the carrying amount of the assets over their fair value. Management has determined that no such impairment was present as of September 30, 2015 and 2014.

Revenue recognition - Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions. Conditional promises to give are recognized as revenue only when the conditions on which they depend are substantially met and the promises become unconditional.

Donated services - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization. There were donated services related to IT consulting and web site design of \$9,000 and \$23,000 in 2015 and 2014.

Tax-exempt status - The organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. Management believes that it has appropriate support for any tax positions related to unrelated business activities, if any, and as such, does not have any uncertain tax positions that are material to the financial statements. The organization's federal and state tax returns are subject to examination by taxing authorities, generally for three years after they were filed for the federal forms and four years for the state forms.

3. LIQUIDITY LINE OF CREDIT

The organization has a \$134,000 liquidity line of credit with the interest set weekly by the lender plus 5%. As of September 30, 2015, there was no balance on the liquidity line of credit.

4. BOARD DESIGNATED NET ASSETS

The WPVA Board has designated that net assets from an annual special fundraising event are to be used to provide transportation and lodging for selected participants to attend the annual National Veterans Wheelchair Games (NVWG).

Board Designated Net Asset activity is as follows:

Balance, September 30, 2013	\$ 60,175
Special event fundraising, net	2,350
Expenditures	(10,950)
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Balance, September 30, 2014	51,575
Special event fundraising, net	2,538
Expenditures	(9,228)
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Balance, September 30, 2015	<u><u>\$ 44,885</u></u>

5. RENTAL PROPERTY AND RENTAL INCOME

A commercial office building was purchased in connection with the organization's office building in October 2000. The commercial office building is recorded as rental property at cost, less accumulated depreciation. Building depreciation is straight line over 39 years; building improvement costs are depreciated over 7 to 39 years.

	2015	2014
Land	\$ 113,004	\$ 113,004
Building and improvements	264,996	264,996
	<hr/>	<hr/>
Total cost	378,000	378,000
Accumulated depreciation	(117,252)	(109,071)
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Net book value	<u><u>\$ 260,748</u></u>	<u><u>\$ 268,929</u></u>

The organization has two lease agreements with unrelated parties. The first lease agreement requires the lessee to remit approximately \$3,000 per month through December 31, 2015. The second lease agreement requires the lessee to remit approximately \$1,400 per month through April 30, 2017. Under the lease agreements certain operating expenses are paid by the lessees. The organization is responsible for real estate taxes and maintenance and any other operating expenses not paid by the lessees. Future minimum lease payments to be received are \$26,000 in 2016 and \$10,000 in 2017. The rental property is charged for all related costs. Rental income is calculated as follows:

	2015	2014
Rental receipts	\$ 51,909	\$ 50,298
Expenses:		
Utilities, repairs, property tax	(16,335)	(17,985)
Depreciation	(8,182)	(8,436)
	<hr/>	<hr/>
Net rental income	<u><u>\$ 27,392</u></u>	<u><u>\$ 23,877</u></u>

6. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing programs and other activities have been summarized on a functional basis in the Statements of Activities and Statement of Functional Expenses. Membership and benefits expense includes the newsletter, hospital liaison, elections and meetings. Sport activities (including the NVWG) and legislative and advocacy activities are included in public affairs. Education includes grants to those pursuing programs to assist disabled persons. Personnel costs, occupancy and depreciation costs are allocated among the programs and supporting services benefited based on estimates made by management.