

November 19, 2013

To the Management and the Board of Directors of  
Arizona Chapter Paralyzed Veterans of America, Inc.

I have audited the financial statements of Arizona Chapter Paralyzed Veterans of America, Inc. for the year ended September 30, 2013, and have issued my report thereon dated November 19, 2013. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under U.S. Generally Accepted Auditing Standards

As stated in my engagement letter dated July 2, 2013, my responsibility, as described by professional standards, is to express an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to you in my engagement letter.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Arizona Chapter Paralyzed Veterans of America, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2013. I noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Beneficial interests in charitable lead and remainder trusts are discounted to present value using an interest rate of 4%, annual trust earnings are estimated at 4%, and survivor benefit distributions are estimated at 8% of the trust market value at the beginning of the year. I discussed the assumptions with the trust officer, considered market conditions, and compared the rates to those used by similar non-profit organizations in determining that the estimates are reasonable.

Management's estimate of the functional allocation of indirect costs and payroll to programs, general and administrative, and fund raising is based on criteria such as square footage, employee time studies, and observation. I evaluated the key factors and assumptions used to develop the allocation formulas and compared the percentage allocations to those used in prior years in determining that the estimates are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosure affecting the financial statements was:

Concentrations of revenue described in Note 6 indicate a significant degree of economic dependence on funding from the National Organization. That revenue represents approximately 40% of annual revenue, and disclosure is required under current accounting standards.

*Difficulties Encountered in Performing the Audit*

I encountered no significant difficulties in dealing with management in performing and completing my audit.

*Corrected and Uncorrected Misstatements*

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole, except as follows:

Payroll related and certain indirect costs were charged 100% to the general and administrative functional classification. For financial statement purposes, I proposed adjustments to allocate \$148,209 of various payroll and indirect costs from general and administrative to programs and rental activities using cost allocation percentages approved by management. Those adjustments had no effect on the change in net assets. In addition, certain trust receivables, payroll related liabilities, capital assets transactions, depreciation expense, and contributed materials were not recorded or were posted incorrectly. I proposed adjustments that decreased total assets \$11,278, increased total liabilities \$3,813, and decreased the change in net assets \$15,091. Most of these adjustments have typically been recorded in the past as year end audit adjustments and were not unexpected.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

*Management Representations*

I have requested certain representations from management that are included in the management representation letter dated November 19, 2013.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

This information is intended solely for the use of the Board of Directors and management of Arizona Chapter Paralyzed Veterans of America, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Paul A. Donis, CPA, PC*

Scottsdale, Arizona