

*AMERICAN VOLKSSPORT ASSOCIATION, INC.*

*FINANCIAL REPORT AND  
SUPPLEMENTARY INFORMATION*

*FOR THE YEAR ENDED*

*JUNE 30, 2016*

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
American Volkssport Association, Inc,  
Universal City, Texas

**Report on the Financial Statements**

We have audited the accompanying financial statements of the American Volkssport Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 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 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 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 American Volkssport Association, Inc. as of June 30, 2016, and the changes in net assets and their 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 have previously audited American Volkssport Association, Inc.'s financial statements for the year ended June 30, 2015, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 15, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Matters***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise American Volkssport Association, Inc.'s financial statements. The comparative schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The comparative schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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.

*Armstrong, Vaughan & Associates, P.C.*

Armstrong, Vaughan & Associates, P.C.

November 25, 2016

AMERICAN VOLKSSPORT ASSOCIATION, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2016 AND 2015

	2016	2015
<b>ASSETS</b>		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 167,511	\$ 256,993
Investments	766,306	785,571
Accounts Receivable	84,581	72,995
Prepaid Expenses	22,781	20,292
Inventory	49,252	56,175
<i>Total Current Assets</i>	1,090,431	1,192,026
<i>Noncurrent Assets:</i>		
Property and Equipment (Net)	21,584	16,393
<i>Total Noncurrent Assets</i>	21,584	16,393
<b>TOTAL ASSETS</b>	\$ 1,112,015	\$ 1,208,419
<b>LIABILITIES AND NET ASSETS</b>		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 12,965	\$ 21,720
Accrued Wages	5,543	2,204
Accrued Vacation	7,166	8,168
Deferred Revenues	60,128	66,779
Current Portion of Capital Lease	5,062	4,685
<i>Total Current Liabilities</i>	90,864	103,556
Capital Lease Obligations	3,138	8,200
<i>Total Liabilities</i>	94,002	111,756
<i>Net Assets:</i>		
Unrestricted	1,018,013	1,096,663
<i>Total Net Assets</i>	1,018,013	1,096,663
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 1,112,015	\$ 1,208,419

The accompanying notes are an integral part of these financial statements.

AMERICAN VOLKSSPORT ASSOCIATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>REVENUES, GAINS AND SUPPORT</b>		
<i>Revenues and Support:</i>		
Events	\$ 259,107	\$ 283,912
Membership Income	26,995	27,615
Convention Income	-	121,711
Donations	64,479	99,510
Publication Income	34,731	35,461
Awards, Net of Cost	10,889	13,668
Merchandise, Net of Cost	18,345	21,076
Miscellaneous Income	17,475	19,525
Interest Income	103	103
<i>Total Revenues and Support</i>	<u>432,124</u>	<u>622,581</u>
 <i>Investment Earnings:</i>		
Investment Income	<u>22,889</u>	<u>3,096</u>
<i>Total Investment Earnings</i>	<u>22,889</u>	<u>3,096</u>
 <b>TOTAL REVENUES, GAINS AND SUPPORT</b>	 <u>455,013</u>	 <u>625,677</u>
 <b>EXPENSES</b>		
Program Services	331,728	352,829
Supporting Services:		
Management & General	<u>201,935</u>	<u>196,816</u>
<b>TOTAL EXPENSES</b>	<u>533,663</u>	<u>549,645</u>
 <b>CHANGE IN NET ASSETS</b>	 (78,650)	 76,032
 <b>BEGINNING NET ASSETS</b>	 <u>1,096,663</u>	 <u>1,020,631</u>
 <b>ENDING NET ASSETS</b>	 <u>\$ 1,018,013</u>	 <u>\$ 1,096,663</u>

The accompanying notes are an integral part of these financial statements.

AMERICAN VOLKSSPORT ASSOCIATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	Total Program Expenses	Supporting Services Management & General	2016 Total	2015 Total
<b>FUNCTIONAL EXPENSES</b>				
Personnel Costs:				
Salaries & Wages	\$ 160,374	\$ 40,093	\$ 200,467	\$ 148,942
Employee Benefits	25,750	6,438	32,188	19,429
Payroll Taxes	15,910	3,977	19,887	14,267
<i>Total Personnel Costs</i>	202,034	50,508	252,542	182,638
Administrative Expenses	10,089	57,172	67,261	66,014
Rent	20,205	20,205	40,410	39,426
Insurance	31,596	5,576	37,172	36,197
Advertising	-	36,826	36,826	36,468
Travel	29,442	1,550	30,992	16,352
Award & Events	22,139	-	22,139	16,793
Professional	-	18,035	18,035	23,957
International Federation of Popular Sports	7,551	-	7,551	9,903
Depreciation	3,404	3,404	6,808	6,368
Equipment Repairs & Maintenance	4,126	1,032	5,158	6,201
Miscellaneous	619	2,478	3,097	2,518
Telephone	523	2,092	2,615	2,650
Bank & Credit Card Fees	-	2,164	2,164	3,054
Interest Expense	-	835	835	1,183
Bad Debt Expense	-	58	58	-
Convention	-	-	-	99,923
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 331,728</b>	<b>\$ 201,935</b>	<b>\$ 533,663</b>	<b>\$ 549,645</b>

The accompanying notes are an integral part of these financial statements.

AMERICAN VOLKSSPORT ASSOCIATION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ (78,650)	\$ 76,032
Adjustments to Reconcile Excess (Deficiency) of Revenues Over (Under) Expenses to Net Cash Provided (Used) by Operating Activities:		
Depreciation	6,808	6,368
Realized & Unrealized (Gain) Loss on Investments	(8,060)	11,881
(Increase) Decrease in Current Assets:		
Accounts Receivable	(11,586)	(4,844)
Prepaid Expenses	(2,489)	6,370
Inventory	6,923	(434)
Increase (Decrease) in Liabilities:		
Accounts Payable	(8,755)	7,858
Accrued Wages	3,339	752
Accrued Vacation	(1,002)	(1,930)
Deferred Revenues	(6,651)	(1,752)
<b>NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES</b>	<b>(100,123)</b>	<b>100,301</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(215,000)	(186,590)
Proceeds From Redemption of Investments	242,326	110,000
Purchase of Furniture and Equipment	(12,000)	(1,280)
<b>NET CASH PROVIDED (REQUIRED) BY INVESTING ACTIVITIES</b>	<b>15,326</b>	<b>(77,870)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease Obligations	(4,685)	(4,337)
<b>NET CASH PROVIDED (REQUIRED) BY FINANCING ACTIVITIES</b>	<b>(4,685)</b>	<b>(4,337)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(89,482)</b>	<b>18,094</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>256,993</b>	<b>238,899</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 167,511</b>	<b>\$ 256,993</b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest Paid	\$ 835	\$ 1,183

The accompanying notes are an integral part of these financial statements.



AMERICAN VOLKSSPORT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 -- ORDER AND PURPOSE

American Volkssport Association, Inc. (the Association) is a nonprofit, voluntary membership corporation, organized under the laws of the State of Texas, exclusively for charitable and educational purposes. The Association is committed to the promotion of public health, physical fitness, and the well-being of the people of the United States by organizing, promoting, and conducting scheduled programs of noncompetitive, family-oriented, participatory lifetime sports including, but not limited to, walking, bicycling, swimming, cross-country skiing, and such other events as may be sanctioned by the International Federation of Popular Sports (IVV). Revenue from member club-sanctioned events is included in these financial statements, while individual member club activities are not included.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Presentation*

The accompanying financial statements of the American Volkssport Association, Inc. have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) whereby revenues are recognized when earned and expenses are recognized when they are incurred.

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as unrestricted revenues. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations. Assets restricted solely through actions of the Board of Directors are reported as unrestricted net assets.

*Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or passage of time. Donor-restricted contributions are reported as increases in temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Currently, there are no temporarily restricted net assets.

*Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that may be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned on the related investments for a general or specific purpose. Currently there are no permanently restricted assets.

B. *Fiscal Year*

The Association has a fiscal year beginning on July 1 and ending on June 30.

AMERICAN VOLKSSPORT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 2016

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

C. *Income Taxes*

The Association is exempt from state and federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Additionally, the Association has been further classified as an organization that is not a private foundation under Section 509(a)(2) which allows the donors of property, services or money to take the maximum charitable donation allowed by law.

The most significant tax positions of the Association is its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business income tax (UBIT). All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities. The Association's tax filings are open to Internal Revenue Service audit for the years ending June 30, 2015, 2014, and 2013.

D. *Cash and Cash Equivalents*

Cash and cash equivalents include interest-bearing checking, savings accounts, and money market funds. Certificates of deposit with an original maturity of three months or less are also included as cash equivalents on the statement of financial position and statement of cash flows.

E. *Investments*

Investments consist of certificates of deposit with maturities greater than three months and corporate bonds. These investments are reported at fair value on the statement of financial position. Fair values are based on quoted market prices (Level 1 Inputs). Realized and unrealized gains and losses and interest income are recognized in the statement of activities as investment income. Investment return, including realized and unrealized gains and losses, is included as changes in net assets consistent with the purpose of the investment.

F. *Accounts Receivable*

Accounts receivable consists of membership dues, sanction fees, participation fees, merchandise sales, and subscription fees that have not yet been received. Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management uses the direct write-off method to provide for probable uncollectible amounts.

G. *Prepaid Expenses*

Expenses recorded in advance of the service or product being received are deferred and carried on the statement of financial position as prepaid expenses.

H. *Inventory*

The Association maintains an inventory of t-shirts, patches, stickers, and stamps to provide to member clubs for use in conducting and promoting Volkssporting events. Inventory is reported on the statement of financial position using the first-in, first-out method of valuation.

AMERICAN VOLKSSPORT ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONT.)  
 JUNE 30, 2016

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

I. *Property and Equipment*

It is the Association's policy to capitalize property and equipment over \$350. Lesser amounts are expensed. Property and equipment is stated at cost at date of acquisition or fair value at date of donation in the case of gifts. Property and equipment are depreciated using the straight-line method.

J. *Depreciation*

Depreciation on the property and equipment owned by the Association has been computed using the straight-line method. The estimated useful lives of the assets are as follows:

	<u>Years</u>
Computer & Electronics	3
Furniture	8 to 10
Office Equipment	5

K. *Compensated Absences*

Employees of American Volkssport Association, Inc. are entitled to two personal days and paid time off depending on length of service ranging from 40 hours to 160 hours annually. Employees are allowed to carryover accrued but unused personal time and paid time off at the rate of one year's worth of time. Employees also accrue 48 hours of sick pay annually and may carryover 96 hours at year end. Compensated absences are reported on the statement of financial position as Accrued Vacation.

L. *Deferred Revenue*

Membership dues, sanction fees, and subscriptions billed in advance have been included in deferred revenue in the accompanying Statement of Financial Position. With the exception of subscriptions and life memberships, deferred revenue is substantially recognizable within the life time of The American Wanderer (TAW) subscription. Deferred life membership is recognized over a five year time period.

M. *Donated Services and In-Kind Support*

The Association may receive services, supplies and equipment without payment or compensation. When the value of such services meets recognition criteria, it is reflected in the accompanying financial statements as revenues and expenditures in a like amount. In-kind contributions are measured and recorded at fair value on the date of donation. Equipment and other non-cash donations are recorded as contributions at cost or estimated fair value determined at the date of the donation. At June 30, 2015, the fair market value of in-kind contributions was determined to be \$21,343. As of June 30, 2016, the fair market value of in-kind contributions was determined to be \$952. Donated contributions and services are included in donations on the Statement of Activities.

AMERICAN VOLKSSPORT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 2016

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

N. *Revenue Recognition*

Membership dues are recognized as revenue in the applicable membership year. Sanction fees are recognized as revenue at the time the sanctioned events are held. Participation fees are accrued when the related event is held. Sales of merchandise and IVV books are recognized at the time of sale. Subscriptions to the Association's bimonthly TAW are recognized as revenue on a pro-rata basis over the related subscription periods. Revenue related to the biennial national convention is recognized at the time of the convention, as are the related expenses.

O. *Estimates*

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. *Functional Expense Allocations*

Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other costs have been allocated on the basis of estimates by management among the programs and supporting services, based primarily on the nature of the expense.

Q. *Comparative Totals*

The financial statements and footnote disclosures for the year ended June 30, 2015 are presented only to provide a basis for comparison with the year ended June 30, 2016. The 2015 financial statements and footnote disclosures are not intended to represent all information necessary for the fair presentation in accordance with U.S. Generally Accepted Accounting Principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2015 from which the summarized information was derived.

R. *Subsequent Events*

Subsequent events were considered through November 25, 2016, which is the date the financial statements were available to be issued.

NOTE 3 -- CREDIT RISK OF FINANCIAL INSTRUMENTS

The Association's cash and cash equivalents are held in four financial institutions and cash balances of up to \$250,000 in each financial institution are secured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2016 and 2015, the Association's cash balances were \$167,511 and \$256,993, respectively. All cash balances held in the financial institutions were fully secured.

AMERICAN VOLKSSPORT ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONT.)  
 JUNE 30, 2016

NOTE 4 -- FAIR VALUE MEASUREMENT

The Association's financial instruments consist primarily of cash and cash equivalents and debt securities. The carrying amount of the cash and cash equivalents approximate their fair market value due to the short-term nature of such instruments (Level 1).

The carrying value of debt securities is the fair market value based upon quoted prices (Level 1).

The Association uses the following hierarchical disclosure framework:

*Level 1* - Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

*Level 2* - Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* - Measurement based on assumptions about hypothetical marketplace because observable market inputs are not available as of the reporting date.

The Association uses appropriate valuation techniques based on available inputs to measure the fair value of its assets and liabilities. When available, the Association measures fair market value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority. All of the Association's investments are according to the fair value hierarchy at level 1.

NOTE 5 -- INVESTMENTS

As of June 30, 2016, the Association's investment portfolio consists of the following:

	6/30/2016		
	Cost	Fair Value	Accumulated Gain (Loss)
Certificates of Deposit	\$ 430,676	\$ 430,935	\$ -
Corporate Bonds	333,000	335,371	2,371
	\$ 763,676	\$ 766,306	\$ 2,371

As of June 30, 2015, the Association's investment portfolio consists of the following:

	6/30/2015		
	Cost	Fair Value	Accumulated Gain (Loss)
Certificates of Deposit	\$ 404,000	\$ 400,320	\$ -
Corporate Bonds	387,000	385,251	(1,749)
	\$ 791,000	\$ 785,571	\$ (1,749)

AMERICAN VOLKSSPORT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 2016

NOTE 6 -- PROPERTY AND EQUIPMENT

Property and equipment for each year ended is comprised of the following:

	6/30/2016	6/30/2015
Computer & Electronics	\$ 44,862	\$ 38,613
Furniture	77,648	77,648
Office Equipment	22,708	23,058
IVV Stamps	34,655	34,655
Less: Accumulated Depreciation	(158,289)	(157,581)
Net Property and Equipment	\$ 21,584	\$ 16,393

NOTE 7 -- CAPITAL LEASE OBLIGATION

In February 2013, the Association began leasing a copy machine under an agreement which is classified as a capital lease. The capital lease carries an interest rate of 7.75%, and matures January 2018. The capital lease asset cost totaled \$22,676, with accumulated depreciation of \$11,338 and \$6,803 at June 30, 2016 and 2015, respectively.

Future minimum payments under the capital lease, including the non-cancelable maintenance fee of \$81, are as follows:

For the Fiscal Year Ended	Premium	Interest	Total
June 30,			
2017	\$ 5,062	\$ 458	\$ 5,520
2018	3,138	82	3,220
	\$ 8,200	\$ 540	\$ 8,740

NOTE 8 -- LINE OF CREDIT

The Association has a \$498,098 line of credit available with their investment broker. The Association is charged a variable interest rate, currently at 4.75%, on outstanding loan balances. The loan balance is due on demand with no scheduled payments. If the value of the investments declines, the Association may be required to deposit cash or additional securities, or the securities in the account may be sold to meet the margin call. Any draws on the line of credit are collateralized by the investments. There were no outstanding amounts on the line of credit as of June 30, 2016 and 2015.

AMERICAN VOLKSSPORT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 2016

NOTE 9 -- OPERATING LEASES

The Association leases office space in Universal City, Texas under terms of a five year, non-cancelable operating lease. The monthly lease payment for the office space ranges from \$3,166 to \$3,409. The lease was renewed on January 11, 2017 for \$3,409 per month and will run until December 31, 2018.

The Association leases a postage meter with Neopost USA. The term of the lease is 39 months and the monthly payment for the meter is \$273.

Future minimum lease commitments required under these leases as of June 30, 2016 are as follows:

For the Fiscal Year Ended June 30,	Minimum Lease
2017	\$ 44,184
2018	44,184
2019	21,273
	<u>\$ 109,641</u>

NOTE 10 -- LITIGATION

The management of the Association is unaware of any pending or threatened litigation.

## SUPPLEMENTARY INFORMATION

Supplementary information includes schedules not required by the GAAP, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such schedules include:

- Schedules of Revenues
- Schedules of Expenses



AMERICAN VOLKSSPORT ASSOCIATION, INC.  
SCHEDULE OF REVENUES  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>Percentage</u>
<b>REVENUES, GAINS AND SUPPORT EVENTS</b>				
Sanction Fees				
Traditional	\$ 61,270	\$ 61,950	\$ (680)	-1.10%
Year-Round/Seasonal	32,770	33,405	(635)	-1.90%
Participation Fees:				
Traditional	62,845	77,930	(15,085)	-19.36%
Year-Round/Seasonal	102,036	110,561	(8,525)	-7.71%
Special Fund Development	100	60	40	66.67%
E.C. Event	86	6	80	100.00%
<b>TOTAL EVENTS</b>	<u>259,107</u>	<u>283,912</u>	<u>(24,805)</u>	<u>-8.74%</u>
<b>MEMBERSHIP INCOME</b>				
Annual Dues	11,875	12,025	(150)	-1.25%
Charter Fees	150	175	(25)	-14.29%
Volkssport Associate Dues	14,970	15,415	(445)	-2.89%
<b>TOTAL MEMBERSHIP INCOME</b>	<u>26,995</u>	<u>27,615</u>	<u>(620)</u>	<u>-2.25%</u>
<b>CONVENTION INCOME</b>	<u>-</u>	<u>121,711</u>	<u>(121,711)</u>	<u>100.00%</u>
<b>DONATIONS</b>	<u>64,479</u>	<u>99,510</u>	<u>(35,031)</u>	<u>-35.20%</u>
<b>PUBLICATION INCOME</b>				
TAW Advertising	2,595	2,245	350	15.59%
TAW Subscriptions	32,136	33,216	(1,080)	-3.25%
<b>TOTAL PUBLICATION INCOME</b>	<u>34,731</u>	<u>35,461</u>	<u>(730)</u>	<u>-2.06%</u>
<b>AWARDS, NET OF COST</b>				
IVV Book Sales	23,428	26,274	(2,846)	-10.83%
Award Sales	57	105	(48)	-45.71%
Special Packets	9,115	8,473	642	7.58%
Cost of Goods Sold	(21,711)	(21,184)	(527)	2.49%
<b>TOTAL AWARDS, NET</b>	<u>10,889</u>	<u>13,668</u>	<u>(2,779)</u>	<u>-20.33%</u>
<b>MERCHANDISE, NET OF COST</b>	18,345	21,076	(2,731)	-12.96%
<b>MISCELLANEOUS</b>	17,475	19,525	(2,050)	-10.50%
<b>INTEREST INCOME</b>	103	103	-	0.00%
<b>INVESTMENT INCOME</b>	22,889	3,096	19,793	639.31%
<b>TOTAL REVENUES, GAINS AND SUPPORT</b>	<u>\$ 455,013</u>	<u>\$ 625,677</u>	<u>\$ (170,664)</u>	<u>-27.28%</u>

See Independent Auditor's Report

AMERICAN VOLKSSPORT ASSOCIATION, INC.  
SCHEDULE OF EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>Percentage</u>
<b>SALARIES AND BENEFITS</b>				
Salaries and Wages	\$ 200,467	\$ 148,942	\$ 51,525	34.59%
Employee Benefits	32,188	19,429	12,759	65.67%
Payroll Taxes	19,887	14,267	5,620	39.39%
<b>TOTAL SALARIES AND BENEFITS</b>	<u>252,542</u>	<u>182,638</u>	<u>69,904</u>	<u>38.27%</u>
<b>ADMINISTRATIVE EXPENSES</b>				
Website & Computer Support	3,461	35,654	(32,193)	-90.29%
Postage	13,777	11,901	1,876	15.76%
Training	36,808	4,047	32,761	809.51%
National Headquarters Administration	13,215	14,412	(1,197)	-8.31%
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<u>67,261</u>	<u>66,014</u>	<u>1,247</u>	<u>1.89%</u>
<b>RENT</b>	<u>40,410</u>	<u>39,426</u>	<u>984</u>	<u>2.50%</u>
<b>INSURANCE</b>				
Event	35,105	34,132	973	2.85%
National Headquarters	2,067	2,065	2	0.10%
<b>TOTAL INSURANCE</b>	<u>37,172</u>	<u>36,197</u>	<u>975</u>	<u>2.69%</u>
<b>ADVERTISING</b>				
TAW Advertising	25,442	29,198	(3,756)	-12.86%
Event Promotions	11,384	7,270	4,114	56.59%
<b>TOTAL ADVERTISING</b>	<u>36,826</u>	<u>36,468</u>	<u>358</u>	<u>0.98%</u>
<b>TRAVEL - EXECUTIVE COUNCIL</b>	<u>30,992</u>	<u>16,352</u>	<u>14,640</u>	<u>89.53%</u>
<b>AWARDS &amp; EVENTS</b>				
Award Program	5,361	7,715	(2,354)	-30.51%
Membership Program	3,228	4,465	(1,237)	-27.70%
Event Program	7,972	2,462	5,510	223.80%
Youth Program	202	1,263	(1,061)	-84.01%
Special Program	1,416	888	528	59.46%
Grants & Sponsorship	3,960	-	3,960	100.00%
<b>TOTAL AWARDS &amp; EVENTS</b>	<u>\$ 22,139</u>	<u>\$ 16,793</u>	<u>\$ 5,346</u>	<u>31.83%</u>

AMERICAN VOLKSSPORT ASSOCIATION, INC.  
SCHEDULE OF EXPENSES (CONT.)  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>Percentage</u>
<b>PROFESSIONAL</b>				
Accounting	\$ 12,275	\$ 15,180	\$ (2,905)	-19.14%
Legal	5,275	4,613	662	14.35%
Contracting	485	4,164	(3,679)	-88.35%
<b>TOTAL PROFESSIONAL</b>	<u>18,035</u>	<u>23,957</u>	<u>(5,922)</u>	<u>-24.72%</u>
<b>IVV EXPENSES</b>				
Dues	3,321	4,401	(1,080)	-24.54%
Meetings	21	1,649	(1,628)	-98.73%
Stamps	4,207	3,853	354	9.19%
<b>TOTAL IVV EXPENSES</b>	<u>7,549</u>	<u>9,903</u>	<u>(2,354)</u>	<u>-23.77%</u>
<b>DEPRECIATION</b>	<u>6,808</u>	<u>6,368</u>	<u>440</u>	<u>6.91%</u>
<b>EQUIPMENT MAINTENANCE</b>				
Equipment Rental	3,785	4,649	(864)	-18.58%
Equipment Repairs & Maintenance	1,373	1,552	(179)	-11.53%
<b>TOTAL EQUIPMENT MAINTENANCE</b>	<u>5,158</u>	<u>6,201</u>	<u>(1,043)</u>	<u>-16.82%</u>
<b>MISCELLANEOUS</b>	3,097	2,518	579	22.99%
<b>TELEPHONE</b>	2,615	2,650	(35)	-1.32%
<b>BANK AND CREDIT CARD FEES</b>	2,164	3,054	(890)	-29.14%
<b>INTEREST EXPENSE</b>	835	1,183	(348)	-29.42%
<b>BAD DEBT EXPENSE</b>	60	-	60	100.00%
<b>CONVENTION</b>	-	99,923	(99,923)	-100.00%
<b>TOTAL EXPENSES</b>	<u>\$ 533,663</u>	<u>\$ 549,645</u>	<u>\$ (16,621)</u>	<u>-3.02%</u>

See Independent Auditor's Report