

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT  
BOARDS AND COMMISSIONS, INCORPORATED**

FINANCIAL STATEMENTS WITH  
SUPPLEMENTARY INFORMATION

December 31, 2017 and 2016

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
International Association of Industrial Accident  
Boards and Commissions, Incorporated  
Middleton, Wisconsin

We have audited the accompanying financial statements of International Association of Industrial Accident Boards and Commissions, Incorporated, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities 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 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 International Association of Industrial Accident Boards and Commissions, Incorporated as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional revenue and expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
March 28, 2018

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT  
BOARDS AND COMMISSIONS, INCORPORATED**  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Cash	\$ 340,427	\$ 397,386
Cash held for others	17,945	18,010
Investments	323,943	258,309
Accounts receivable - net	56,494	9,877
Prepaid expenses	39,187	25,406
Security deposit	2,148	2,148
Property and equipment - net	6,568	17,005
<b>Total assets</b>	<b>\$ 786,712</b>	<b>\$ 728,141</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 21,578	\$ 7,407
Refunds payable	17,655	-
Payroll, benefits and taxes payable	77,056	69,428
Custodial funds	17,945	18,010
Deferred revenue	340,164	347,812
Deferred rent	1,506	-
<b>Total liabilities</b>	<b>475,904</b>	<b>442,657</b>
<b>NET ASSETS</b>		
Unrestricted	310,808	285,484
<b>Total liabilities and net assets</b>	<b>\$ 786,712</b>	<b>\$ 728,141</b>

See accompanying notes.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT  
BOARDS AND COMMISSIONS, INCORPORATED**  
STATEMENTS OF ACTIVITIES  
Years ended December 31, 2017 and 2016

	2017	2016
<b>UNRESTRICTED NET ASSETS</b>		
REVENUE		
Membership dues	\$ 505,925	\$ 528,775
Conventions and trainings	443,219	422,239
Licensing	42,862	26,913
Miscellaneous	8,188	14,430
Investment return	15,634	7,978
Total revenue	1,015,828	1,000,335
EXPENSES		
Program services		
Convention	330,414	294,136
EDI	95,119	108,717
The Forum	177,859	169,939
Other training	75,872	99,314
Total program services	679,264	672,106
Supporting activities		
Management and general	178,932	174,752
Membership development	132,308	128,423
Total supporting activities	311,240	303,175
Total expenses	990,504	975,281
<b>Change in net assets</b>	25,324	25,054
Net assets - beginning of year	285,484	260,430
<b>Net assets - end of year</b>	<b>\$ 310,808</b>	<b>\$ 285,484</b>

See accompanying notes.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT  
BOARDS AND COMMISSIONS, INCORPORATED**  
STATEMENTS OF CASH FLOWS  
Years ended December 31, 2017 and 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 25,324	\$ 25,054
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized and unrealized (gain) loss on investments	(7,156)	(3,113)
Bad debt expense	5,825	-
Loss on security deposit	-	633
Depreciation and amortization	10,437	10,073
Loss on disposal of computer equipment	-	369
(Increase) decrease in assets		
Cash held for others	65	(1,769)
Accounts receivable	(52,442)	(1,455)
Prepaid expenses	(13,781)	2,635
Security deposit	-	(2,148)
Increase (decrease) in liabilities		
Accounts payable	14,171	(11,879)
Refunds payable	17,655	-
Payroll, benefits and taxes payable	7,628	24,940
Custodial funds	(65)	1,769
Deferred revenue	(7,648)	(16,403)
Deferred rent	1,506	-
<b>Net cash flows from operating activities</b>	<b>1,519</b>	<b>28,706</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(50,000)	-
Interest and dividends reinvested	(8,478)	(4,865)
Purchases of website	-	(2,750)
<b>Net cash flows from investing activities</b>	<b>(58,478)</b>	<b>(7,615)</b>
<b>Net change in cash</b>	<b>(56,959)</b>	<b>21,091</b>
Cash - beginning of year	397,386	376,295
<b>Cash - end of year</b>	<b>\$ 340,427</b>	<b>\$ 397,386</b>

See accompanying notes.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT  
BOARDS AND COMMISSIONS, INCORPORATED**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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International Association of Industrial Accident Boards and Commissions, Incorporated (IAIABC) is a professional group of individuals dedicated to finding solutions to reduce harm and aid recovery from occupational injury and illness. IAIABC holds an annual convention and educational programs for individuals in the workers compensation field. The primary sources of revenue are member dues and convention and training revenue. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

IAIABC 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.

**Investments**

IAIABC carries investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair value in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

**Allowance for Uncollectible Accounts**

The allowance for uncollectible accounts is maintained at a level adequate to absorb probable uncollectible receivables. Management determines the adequacy of the allowance based upon review of outstanding receivables at year-end. Receivables deemed uncollectible after reasonable collection efforts are exhausted are charged to the allowance. Allowance for uncollectible accounts at December 31, 2017 and 2016 was \$5,725 and \$950.

**Prepaid Expenses**

Expenses related to meetings and conferences to be held in future periods are classified as prepaid expenses and will be recognized as expenses in the period during which the meeting or conference occurs.

**Property and Equipment**

Purchases of property and equipment in excess of \$2,000 are recorded at cost and are depreciated or amortized using the straight-line method over the estimated useful lives of the assets.

**Revenue Recognition**

Revenue is recognized over the period to which it relates. Such amounts earned, but not received, are reported as accounts receivable. Such amounts received, but not earned, are reported as deferred revenue and recognized over the periods to which they relate.



**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT  
BOARDS AND COMMISSIONS, INCORPORATED**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Expense Allocation**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

**Income Tax Status**

IAIABC is an exempt public charity under Section 501(c)(3) of the Internal Revenue Code and therefore is not subject to federal and state income or franchise taxes.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

**Date of Management’s Review**

Management has evaluated subsequent events through March 28, 2018, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

IAIABC maintains its cash accounts at a financial institution located in Madison, Wisconsin. The balances are insured by the National Credit Union Administration (NCUA) up to \$250,000. At December 31, 2017 and 2016, IAIABC’s uninsured cash balances totaled approximately \$95,300 and \$168,000.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017 and 2016 consisted of the following:

	2017	2016
Office furniture and equipment	\$ 5,396	\$ 5,396
Website	28,692	28,692
Accumulated depreciation and amortization	(27,520)	(17,083)
Property and equipment - net	\$ 6,568	\$ 17,005

Depreciation and amortization expense for 2017 and 2016 was \$10,437 and \$10,073.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT  
BOARDS AND COMMISSIONS, INCORPORATED**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

NOTE 4 – INVESTMENTS

Investments at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Money market funds	\$ 9,488	\$ 4,493
Mutual funds	<u>314,455</u>	<u>253,816</u>
Investments	<u>\$ 323,943</u>	<u>\$ 258,309</u>

Investment return for 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 11,791	\$ 7,133
Fees	(3,313)	(2,268)
Net realized and unrealized gain (loss)	<u>7,156</u>	<u>3,113</u>
Investment return	<u>\$ 15,634</u>	<u>\$ 7,978</u>

NOTE 5 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2017 and 2016 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market funds	\$ 9,488	\$ 9,488	\$ -	\$ -
Mutual funds	<u>314,455</u>	<u>314,455</u>	-	-
Investments - 2017	<u>\$ 323,943</u>	<u>\$ 323,943</u>	<u>\$ -</u>	<u>\$ -</u>
Money market funds	\$ 4,493	\$ 4,493	\$ -	\$ -
Mutual funds	<u>253,816</u>	<u>253,816</u>	-	-
Investments - 2016	<u>\$ 258,309</u>	<u>\$ 258,309</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values for money market funds and mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT  
BOARDS AND COMMISSIONS, INCORPORATED**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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NOTE 6 – RETIREMENT PLAN

IAIABC has adopted a Simplified Employee Pension (SEP) plan. The retirement plan provides for discretionary contributions for eligible employees who are at least 18 years old and worked for IAIABC for at least two of the past five years. IAIABC's annual employer contribution is 9% of qualified employees' gross salary. Retirement expense for 2017 and 2016 was \$33,683 and \$34,420.

NOTE 7 – COMMITMENTS

During 2017 and 2016 IAIABC entered into various contracts with conference centers and hotels that will hold its annual conference and meetings. If IAIABC chooses not to hold a contracted event with the conference centers or hotels, it may incur a cancellation fee. As of December 31, 2017, IAIABC could be liable for penalties that range from approximately \$374,000 to \$961,250.

IAIABC has an operating lease for office space in Middleton, Wisconsin. The lease began in September 2016, requires monthly payments of \$2,148, and expires in August 2023. Minimum rental payments required are set to increase by a rate of 2% each year. Lease expense for 2017 and 2016 was \$27,454 and \$25,175.

Future minimum lease payments are as follows:

2018	\$	26,468
2019		26,996
2020		27,532
2021		28,084
2022		28,644
Thereafter		19,352

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT  
BOARDS AND COMMISSIONS, INCORPORATED**  
SCHEDULE OF FUNCTIONAL REVENUE AND EXPENSES  
Year ended December 31, 2017

	Convention	EDI	The Forum
<b>REVENUE</b>			
Membership dues	\$ -	\$ 142,675	\$ -
Conventions and trainings	283,134	6,469	118,917
Licensing	-	42,862	-
Miscellaneous	-	2,733	-
Investment return	-	-	-
Total revenue	283,134	194,739	118,917
<b>EXPENSES</b>			
Personnel	112,018	82,613	65,110
Conventions and trainings	189,971	360	92,534
Office	11,725	2,096	7,032
Professional fees	16,700	4,225	13,183
Bad debt expense	-	5,825	-
Total expenses	330,414	95,119	177,859
<b>Excess revenue (expenses)</b>	<b>\$ (47,280)</b>	<b>\$ 99,620</b>	<b>\$ (58,942)</b>

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Other Training	Management and General	Membership Development	Total
\$ -	\$ -	\$ 363,250	\$ 505,925
28,867	-	5,832	443,219
-	-	-	42,862
-	5,455	-	8,188
-	15,634	-	15,634
28,867	21,089	369,082	1,015,828
62,310	96,616	71,412	490,079
8,206	15,894	11,748	318,713
5,356	62,512	46,258	134,979
-	3,910	2,890	40,908
-	-	-	5,825
75,872	178,932	132,308	990,504
<u>\$ (47,005)</u>	<u>\$ (157,843)</u>	<u>\$ 236,774</u>	<u>\$ 25,324</u>