

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

FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION

December 31, 2016 and 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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 8, 2017

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	2016	2015
ASSETS		
Cash	\$ 397,386	\$ 376,295
Cash held for others	18,010	16,241
Investments	258,309	250,331
Accounts receivable - net	9,877	8,422
Prepaid expenses	25,406	28,041
Security deposit	2,148	633
Property and equipment - net	17,005	24,697
Total assets	\$ 728,141	\$ 704,660
LIABILITIES		
Accounts payable	\$ 7,407	\$ 19,286
Payroll, benefits and taxes payable	69,428	44,488
Custodial funds	18,010	16,241
Deferred revenue	347,812	364,215
Total liabilities	442,657	444,230
NET ASSETS		
Unrestricted	285,484	260,430
Total liabilities and net assets	\$ 728,141	\$ 704,660

See accompanying notes.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
STATEMENTS OF ACTIVITIES
Years ended December 31, 2016 and 2015

	2016	2015
UNRESTRICTED NET ASSETS		
REVENUE		
Membership dues	\$ 528,775	\$ 510,988
Conventions and trainings	422,239	386,504
Licensing	26,913	25,725
Miscellaneous	14,430	13,977
Investment return	7,978	(1,988)
Total revenue	1,000,335	935,206
EXPENSES		
Program services		
Convention	294,136	292,131
EDI	108,717	109,184
The Forum	169,939	144,233
Other training	99,314	90,006
Total program services	672,106	635,554
Supporting activities		
Management and general	174,752	163,993
Membership development	128,423	121,212
Total supporting activities	303,175	285,205
Total expenses	975,281	920,759
Change in net assets	25,054	14,447
Net assets - beginning of year	260,430	245,983
Net assets - end of year	\$ 285,484	\$ 260,430

See accompanying notes.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
STATEMENTS OF CASH FLOWS
Years ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 25,054	\$ 14,447
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized and unrealized (gain) loss on investments	(3,113)	3,717
Bad debt expense	-	7,000
Loss on security deposit	633	-
Depreciation and amortization	10,073	4,992
Loss on disposal of computer equipment	369	-
(Increase) decrease in assets		
Cash held for others	(1,769)	1,030
Accounts receivable	(1,455)	(12,567)
Prepaid expenses	2,635	(4,340)
Security deposit	(2,148)	-
Increase (decrease) in liabilities		
Accounts payable	(11,879)	16,302
Payroll, benefits and taxes payable	24,940	(6,531)
Custodial funds	1,769	(1,230)
Deferred revenue	(16,403)	31,890
Net cash flows from operating activities	28,706	54,710
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-	(75,000)
Interest and dividends reinvested	(4,865)	(1,729)
Purchases of website	(2,750)	(25,942)
Net cash flows from investing activities	(7,615)	(102,671)
Net change in cash	21,091	(47,961)
Cash - beginning of year	376,295	424,256
Cash - end of year	\$ 397,386	\$ 376,295

See accompanying notes.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

International Association of Industrial Accident Boards and Commissions, Incorporated (IAIABC) is a professional group of individuals dedicated to foster and increase the efficiency of workers compensation administration. 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, 2016 and 2015 was \$950 and \$9,000.

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, 2016 and 2015

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 8, 2017, the date which the financial statements were available to be issued.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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, 2016 and 2015, IAIABC’s uninsured cash balances totaled approximately \$168,000 and \$147,000.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2016 and 2015 consisted of the following:

	2016	2015
Office furniture and equipment	\$ 5,396	\$ 10,689
Website	28,692	25,942
Accumulated depreciation and amortization	(17,083)	(11,934)
Property and equipment - net	\$ 17,005	\$ 24,697

Depreciation and amortization expense for 2016 and 2015 was \$10,073 and \$4,992.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 4 – INVESTMENTS

Investments at December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Money market funds	\$ 4,493	\$ 6,747
Mutual funds	<u>253,816</u>	<u>243,584</u>
Investments	<u>\$ 258,309</u>	<u>\$ 250,331</u>

Investment return for 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 7,133	\$ 4,180
Fees	(2,268)	(2,451)
Net realized and unrealized gain (loss)	<u>3,113</u>	<u>(3,717)</u>
Investment return	<u>\$ 7,978</u>	<u>\$ (1,988)</u>

NOTE 5 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2016 and 2015 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	\$ 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>
Money market funds	\$ 6,747	\$ 6,747	\$ -	\$ -
Mutual funds	<u>243,584</u>	<u>243,584</u>	-	-
Investments - 2015	<u>\$ 250,331</u>	<u>\$ 250,331</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, 2016 and 2015

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 2016 and 2015 was \$34,420 and \$26,838.

NOTE 7 – COMMITMENTS

During 2016 and 2015 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, 2016, IAIABC could be liable for penalties that range from approximately \$438,000 to \$888,000.

IAIABC had an operating lease for office space in Madison, Wisconsin. The lease required monthly payments of \$1,508 and expired in November 2016. 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 2016 and 2015 was \$25,175 and \$18,091.

Future minimum lease payments are as follows:

2017	\$	25,948
2018		26,468
2019		26,996
2020		27,532
2021		28,084
Thereafter		47,996

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
SCHEDULE OF FUNCTIONAL REVENUE AND EXPENSES
Year ended December 31, 2016

	Convention	EDI	The Forum
REVENUE			
Membership dues	\$ -	\$ 144,925	\$ -
Conventions and trainings	276,893	224	119,791
Licensing	-	26,913	-
Miscellaneous	-	8,484	-
Investment return	-	-	-
Total revenue	276,893	180,546	119,791
EXPENSES			
Personnel	95,064	103,707	70,866
Conventions and trainings	174,733	938	75,282
Office	10,947	1,326	6,638
Professional fees	13,392	2,746	17,153
Total expenses	294,136	108,717	169,939
Excess revenue (expenses)	\$ (17,243)	\$ 71,829	\$ (50,148)

Other Training	Management and General	Membership Development	Total
\$ 1,600	\$ -	\$ 382,250	\$ 528,775
25,214	-	117	422,239
-	-	-	26,913
-	5,946	-	14,430
-	7,978	-	7,978
26,814	13,924	382,367	1,000,335
76,052	99,385	73,459	518,533
14,548	14,618	10,804	290,923
8,714	48,118	34,825	110,568
-	12,631	9,335	55,257
99,314	174,752	128,423	975,281
<u>\$ (72,500)</u>	<u>\$ (160,828)</u>	<u>\$ 253,944</u>	<u>\$ 25,054</u>