

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

FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION

December 31, 2018 and 2017

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7
Schedule of Functional Revenue and Expenses	12



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, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related statement of functional expenses for the year ended December 31, 2018, 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, 2018 and 2017, 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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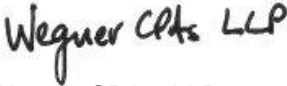
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Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, International Association of Industrial Accident Boards and Commissions, Incorporated adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

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
Madison, Wisconsin
April 9, 2019

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

	2018	2017
ASSETS		
Cash	\$ 415,743	\$ 340,427
Cash held for others	18,546	17,945
Investments	316,638	323,943
Accounts receivable, net	49,595	56,494
Prepaid expenses	44,282	39,187
Security deposit	2,148	2,148
Property and equipment, net	597	6,568
Total assets	\$ 847,549	\$ 786,712
LIABILITIES		
Accounts payable	\$ 16,425	\$ 21,578
Refunds payable	12,184	17,655
Payroll, benefits and taxes payable	86,542	77,056
Custodial funds	18,546	17,945
Deferred revenue	383,813	340,164
Deferred rent	986	1,506
Total liabilities	518,496	475,904
NET ASSETS		
Without donor restrictions	329,053	310,808
Total liabilities and net assets	\$ 847,549	\$ 786,712

See accompanying notes.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2018 and 2017

	2018	2017
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Membership dues	\$ 547,703	\$ 505,925
Conventions and trainings	481,593	443,219
Licensing	56,875	42,862
Miscellaneous	16,409	8,188
Investment return	(7,305)	15,634
	<u>1,095,275</u>	<u>1,015,828</u>
Total revenues without donor restrictions	1,095,275	1,015,828
EXPENSES		
Program services		
Convention	267,967	330,414
The Forum	227,405	177,859
EDI	114,268	95,119
Other education	87,937	75,872
	<u>697,577</u>	<u>679,264</u>
Total program services	697,577	679,264
Supporting activities		
Management and general	312,073	255,963
Membership development	67,380	55,277
	<u>379,453</u>	<u>311,240</u>
Total supporting activities	379,453	311,240
Total expenses	<u>1,077,030</u>	<u>990,504</u>
Change in net assets	18,245	25,324
Net assets at beginning of year	<u>310,808</u>	<u>285,484</u>
Net assets at end of year	<u><u>\$ 329,053</u></u>	<u><u>\$ 310,808</u></u>

See accompanying notes.

INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT BOARDS AND COMMISSIONS, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	2018						
	Convention	The Forum	EDI	Other Education	Management and General	Membership Development	Total Expenses
Personnel	\$ 86,510	\$ 80,136	\$ 96,527	\$ 60,102	\$ 183,493	\$ 39,612	\$ 546,380
Conventions and trainings	159,316	124,268	14,067	20,434	20,767	4,485	343,337
Office and supplies	7,712	11,801	3,349	7,401	77,384	16,712	124,359
Professional fees	14,429	11,200	325	-	30,429	6,571	62,954
Total expenses	\$ 267,967	\$ 227,405	\$ 114,268	\$ 87,937	\$ 312,073	\$ 67,380	\$ 1,077,030

See accompanying notes.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 18,245	\$ 25,324
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized and unrealized (gain) loss on investments	14,165	(7,156)
Bad debt expense	-	5,825
Depreciation and amortization	5,971	10,437
(Increase) decrease in assets		
Cash held for others	(601)	65
Accounts receivable	6,899	(52,442)
Prepaid expenses	(5,095)	(13,781)
Increase (decrease) in liabilities		
Accounts payable	(5,153)	14,171
Refunds payable	(5,471)	17,655
Payroll, benefits and taxes payable	9,486	7,628
Custodial funds	601	(65)
Deferred revenue	43,649	(7,648)
Deferred rent	(520)	1,506
Net cash flows from operating activities	82,176	1,519
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-	(50,000)
Interest and dividends reinvested	(6,860)	(8,478)
Net cash flows from investing activities	(6,860)	(58,478)
Net change in cash	75,316	(56,959)
Cash at beginning of year	340,427	397,386
Cash at end of year	\$ 415,743	\$ 340,427

See accompanying notes.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

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. IAIABC is supported primarily by 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

Cash Held for Others

IAIABC holds custodial funds for two other organizations. The amount is offset with a corresponding liability account.

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, 2018 and 2017 was \$5,725.

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, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Each expense category includes expenses that require allocation, which are allocated on a time and effort basis.

The following program services and supporting activities are included in the accompanying financial statements:

Convention—Gathering of workers' compensation professionals to receive educational programming during committee meetings and conference sessions. The Convention also includes the annual business meeting to review the Association's governance and hear from members.

EDI—Establishes data interchange standards to meet workers' compensation regulatory reporting requirements.

The Forum—Spring meeting that brings together professionals for education and in-depth discussions about important issues in workers' compensation.

Other education—Educational research and publications to inform members of issues relating to workers compensation.

Management and general—Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of IAIABC's program strategy; secure proper administrative function of the Board of Directors; maintain competent legal services for the program administration of IAIABC; and manage the financial and budgetary responsibilities of IAIABC.

Membership development—Encompasses the identification, cultivation, and expansion of IAIABC's membership as the primary effort to promote occupational injury awareness and to increase public involvement.

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.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Non-for Profit Entities*. This update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. IAIABC has adjusted the presentation of these financial statements accordingly.

Date of Management’s Review

Management has evaluated subsequent events through April 9, 2019, 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, 2018 and 2017, IAIABC’s uninsured cash balances totaled approximately \$181,900 and \$95,300.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018 and 2017 consisted of the following:

	2018	2017
Office furniture and equipment	\$ 5,396	\$ 5,396
Website	28,692	28,692
Accumulated depreciation and amortization	(33,491)	(27,520)
Property and equipment, net	\$ 597	\$ 6,568

Depreciation and amortization expense for 2018 and 2017 was \$5,971 and \$10,437.

NOTE 4 – INVESTMENTS

Investments at December 31, 2018 and 2017 consisted of the following:

	2018	2017
Money market funds	\$ 5,477	\$ 9,488
Mutual funds	311,161	314,455
Investments	\$ 316,638	\$ 323,943

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 5 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2018 and 2017 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 5,477	\$ 5,477	\$ -	\$ -
Mutual funds	<u>311,161</u>	<u>311,161</u>	<u>-</u>	<u>-</u>
Investments - 2018	<u>\$ 316,638</u>	<u>\$ 316,638</u>	<u>\$ -</u>	<u>\$ -</u>
Money market funds	\$ 9,488	\$ 9,488	\$ -	\$ -
Mutual funds	<u>314,455</u>	<u>314,455</u>	<u>-</u>	<u>-</u>
Investments - 2017	<u>\$ 323,943</u>	<u>\$ 323,943</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.

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 2018 and 2017 was \$36,014 and \$33,683.

NOTE 7 – COMMITMENTS

During 2018 and 2017 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, 2018, IAIABC could be liable for penalties that range from approximately \$321,000 to \$824,000.

IAIABC leases office space under a noncancelable operating lease that expires August 2023. Minimum rental payments required are set to increase by a rate of 2% each year. Rent expense was \$27,454 for the years ended December 31, 2018 and 2017.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 7 – COMMITMENTS (continued)

Future minimum lease payments are as follows:

2019	\$ 26,996
2020	27,532
2021	28,084
2022	28,644
2023	<u>19,352</u>
Total	<u>\$ 130,608</u>

NOTE 8 – LIQUIDITY AND AVAILABILITY

At December 31, 2018, IAIABC has \$781,976 of financial assets available within one year of the date of the statement of financial position to meet cash needs for general expenditures consisting of cash of \$415,743, investments of \$316,638, and accounts receivable of \$49,595. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the date of the statement of financial position.

IAIABC has a goal to maintain financial assets on hand to meet 90 days of general expenditures. As a non-profit, membership-funded organization, IAIABC receives significant membership dues each year from members, which are available to meet annual cash needs for general operating expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and mutual funds.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
SCHEDULE OF FUNCTIONAL REVENUE AND EXPENSES
Year ended December 31, 2018

	Convention	The Forum	EDI	Other Education	Management and General	Membership Development	Total
REVENUE							
Membership dues	\$ -	\$ -	\$ 173,475	\$ -	\$ -	\$ 374,228	\$ 547,703
Conventions and trainings	265,264	147,712	28,947	39,670	-	-	481,593
Licensing	-	-	56,755	-	-	120	56,875
Miscellaneous	-	-	-	-	16,409	-	16,409
Investment return	-	-	-	-	(7,305)	-	(7,305)
Total revenue	265,264	147,712	259,177	39,670	9,104	374,348	1,095,275
EXPENSES							
Personnel	86,510	80,136	96,527	60,102	183,493	39,612	546,380
Conventions and trainings	159,316	124,268	14,067	20,434	20,767	4,485	343,337
Office	7,712	11,801	3,349	7,401	77,384	16,712	124,359
Professional fees	14,429	11,200	325	-	30,429	6,571	62,954
Total expenses	267,967	227,405	114,268	87,937	312,073	67,380	1,077,030
Excess revenue (expenses)	\$ (2,703)	\$ (79,693)	\$ 144,909	\$ (48,267)	\$ (302,969)	\$ 306,968	\$ 18,245