

ILLINOIS FIREFIGHTER'S ASSOCIATION, INC.

REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2018

ILLINOIS FIREFIGHTER'S ASSOCIATION, INC.

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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

To the Board of Directors of
Illinois Firefighter's Association, Inc.

Management is responsible for the accompanying financial statements of the Illinois Firefighter's Association, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets-cash basis as of December 31, 2018, the related statement of revenue, expenses, and change in net assets-cash basis, and the statement of functional expenses-cash basis for the year then ended, and the related notes to the financial statements in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Scheffel Boyle

Highland, IL
February 13, 2020

ILLINOIS FIREFIGHTER'S ASSOCIATION, INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS
CASH BASIS
DECEMBER 31, 2018

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 17,255
Total Current Assets	<u>17,255</u>
Non-Current Assets	
Cash and Cash Equivalents - For Restricted Use	23,997
Certificates of Deposit - For Restricted Use	<u>129,037</u>
Total Non-Current Assets	<u>153,034</u>
Total Assets	<u><u>\$ 170,289</u></u>

NET ASSETS

Net Assets With Donor Restrictions	\$ 153,034
Net Assets Without Donor Restrictions	<u>17,255</u>
Total Net Assets	<u><u>\$ 170,289</u></u>

See accompanying notes and Independent accountant's compilation report.

ILLINOIS FIREFIGHTER'S ASSOCIATION, INC
STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS
CASH BASIS
DECEMBER 31, 2018

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
REVENUES:			
Membership Dues	\$ 42,345		\$ 42,345
Bulletin Advertising	2,025		2,025
Indemnity Assessments		\$ 10,485	10,485
Licensing Agreements	4,798		4,798
Donations	550		550
Interest Income	69	2,587	2,656
Miscellaneous Income	362		362
Assets Released from Restrictions	3,072	(3,072)	0
Total Revenue	<u>53,221</u>	<u>10,000</u>	<u>63,221</u>
EXPENSES:			
Program Services	29,014		29,014
Supporting Activities	22,144		22,144
Total Expenses	<u>51,158</u>	<u>0</u>	<u>51,158</u>
CHANGE IN NET ASSETS	2,063	10,000	12,063
NET ASSETS - Beginning of Year	<u>15,192</u>	<u>143,034</u>	<u>158,226</u>
NET ASSETS - End of Year	<u>\$ 17,255</u>	<u>\$ 153,034</u>	<u>\$ 170,289</u>

See accompanying notes and Independent accountant's compilation report.

ILLINOIS FIREFIGHTER'S ASSOCIATION, INC
STATEMENT OF FUNCTIONAL EXPENSES
CASH BASIS
DECEMBER 31, 2018

	Program Services	Supporting Activities		Total Functional Expenses
		Mangement and General	Fundraising	
Salaries & Payroll Taxes	\$ 6,512	\$ 5,860	\$ 651	\$ 13,023
Professional Fees	950	950		1,900
Postage	237	214	24	475
Conferences	3,692	3,322	369	7,383
Board Meeting Expenses	536	482	54	1,072
Consultant Fees	7,200	7,200		14,400
Annual Filing Fees		34		34
Bulletins	777	699	78	1,554
PAC Expense	481	432	48	961
Indemnity Fund Expense	3,450			3,450
Dues, Subscriptions, Fees	48	43	5	96
Website	183	164	18	365
Contribution to Related Organizations	4,798			4,798
Income Taxes		1,343		1,343
Other Expenses	150	139	15	304
Total Expenses	<u>\$ 29,014</u>	<u>\$ 20,882</u>	<u>\$ 1,262</u>	<u>\$ 51,158</u>

See accompanying notes and Independent accountant's compilation report.

ILLINOIS FIREFIGHTER'S ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Illinois Firefighter's Association, Inc. is a nonprofit organization which provides programs to promote fire safety and provides limited benefits to fallen firefighters or their families. The organization is affiliated with the Illinois Firefighter's Association Foundation, Inc. (Foundation), and the Foundation provides funding for the Association's operations. The Board of Directors serves both organizations.

Basis of Accounting – Basis of accounting refers to when revenues and expenditures are recognized in the accounts reported in the financial statements and the timing of the measurements made, regardless of the measurement focus applied.

The Organization uses the cash receipts and disbursements method of accounting. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

Financial Statement Presentation – To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the financial transactions of the Organization are classified as follows:

Net Assets With Donor Restrictions – This includes resources that have not yet met donor restrictions or for which the ultimate purpose of the assets is a permanent restriction. The Organization had net assets with donor restrictions of \$153,034 at December 31, 2018.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and those that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Revenues, Expenses, and Change in Net Assets-cash basis as released from restrictions. The Organization had net assets without donor restrictions at December 31, 2018, totaling \$17,255.

Donations – The Organization reports gifts of cash and other assets as revenues in the Statement of Revenue, Expenses and Change in Net Assets - Cash Basis. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions support.

Tax Exempt Status – The Organization is exempt from income taxes under Internal Revenue Code Section 501 (c) (4).

Allocated Expenses – Expenses by function have been allocated between program and supporting services classifications by directly charging the program when it can be specifically identified with it. Those expenses that cannot be specifically identified with a program are generally charged based on allocations of estimated time spent on the program.

Cash and Cash Equivalents – For the purpose of the financial statements, cash and cash equivalents represent cash on deposit with an original maturity of three months or less.

Advertising – Advertising costs of the Organization are expensed as incurred.

ILLINOIS FIREFIGHTER'S ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments – The Organization invests excess Indemnity funds into guaranteed certificates of deposit, which are carried at cost. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the Statement of Revenue, Expenses and Change in Net Assets as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Investment income resulting from donor restrictions, whose restrictions are met in the same reporting period, are reported as net assets without donor restrictions support.

NOTE 2. CHANGE IN ACCOUNTING PRINCIPLE

On August 18, 2016, the FASB issued *ASU 2016-14, Not-for-Profit Entities (Topic 958)—Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its financial statements accordingly. The new standards change the following aspects of the Organization's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called nets assets with donor restrictions.
- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 3).

NOTE 3. LIQUIDITY

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2018 is \$17,255. Contractual or donor-imposed restrictions, if any, reduce this amount, as they are not available for general use. However, there are no contractual or donor-imposed restrictions to consider as of December 31, 2018.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

NOTE 4. CONCENTRATIONS OF RISK

The Organization is headquartered in Glen Carbon, Illinois. The Organization receives donations from memberships, contributions and fundraising support from member departments throughout the State of Illinois. Accordingly, the receipts of the Organization are affected by the general economic conditions of the State.

The Organization maintains cash deposits in checking accounts with various local banks. From time to time, cash balances in these accounts may exceed federally insured limits. As of December 31, 2018, cash deposits were fully insured.

ILLINOIS FIREFIGHTER'S ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5. NET ASSETS WITH DONOR RESTRICTION

At December 31, 2018, the Organization had net assets with donor restrictions available for the following purposes:

Indemnity Fund	\$	152,310
PAC Fund		724
Total Temporarily Restricted Net Assets	\$	<u>153,034</u>

Indemnity Fund – The Indemnity Fund has been established to provide death benefits and injury benefits to individuals within member departments who are disabled either temporarily or permanently, or fatally injured while performing in the line of duty. The maximum amount paid to an individual for a specific injury or death is \$3,000. The fund is maintained by assessments paid by member departments. The number of assessments paid will vary each year according to the amount of approved injury claims. Excess funds are invested in guaranteed certificates of deposits. Members of the Association may elect not to participate in the Indemnity Fund.

Political Action Committee (PAC) Fund – The PAC Fund has been established to provide the Organization with funds to support political activities/contributions.

NOTE 6. RELATED PARTY TRANSACTIONS

A company owned by an officer of Illinois Firefighter's Association, Inc. provided printed services to the Organization. Total services purchased for the year ending December 31, 2018, was approximately \$1,312.

The Board of Directors and management of Illinois Firefighter's Association, Inc. provides substantial oversight, management, and common directorship of Illinois Firefighter's Association Foundation, Inc.

Included in Program Services on the Statement of Revenue, Expenses, And Changes In Net Assets – Cash Basis is a contribution to the Illinois Firefighter's Association Foundation, Inc. in the amount of \$4,798.

Summarized financial data of Illinois Firefighters Association Foundation, Inc. at December 31, 2018 is as follows:

Statement of Assets, Liabilities, and Net Assets

Current Assets	\$	142,685
Non-Current Assets		2,550
Total Assets	\$	<u>145,235</u>
Total Net Assets	\$	<u>145,235</u>
Total Net Assets	\$	<u>145,235</u>

Statement of Support, Revenue, Expenses and Change in Net Assets

Revenues Collected	\$	457,546
Revenue From Related Organization		4,798
Total Revenues		<u>462,344</u>
Total Expenditures		<u>(416,408)</u>
Change in Net Assets	\$	<u>45,936</u>

ILLINOIS FIREFIGHTER'S ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 7. INCOME TAXES

The Organization has been classified as an other than private foundation and is tax exempt under Section 501 (c) (4) of the Internal Revenue Code. The Organization is subject to tax on income from any unrelated business. On January 1, 2009, the Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions as December 31, 2018.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2015. As of the date of this report, the 2018 tax has been filed. The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

During the current year, the Organization received unrelated business taxable income of \$4,798 from a licensing agreement for the use of the Organization's logo and royalties from issuing prescription discount cards. Recognition of the unrelated business taxable income resulted in \$1,343 of federal and state income tax payments.

NOTE 8. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.