

ILLINOIS FIREFIGHTER'S ASSOCIATION
FOUNDATION, INC.

REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2018

ILLINOIS FIREFIGHTER'S ASSOCIATION FOUNDATION, INC.

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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Illinois Firefighter's Association Foundation, Inc.
Glen Carbon, IL 62034

We have audited the accompanying financial statements of Illinois Firefighter's Association Foundation, Inc. (an Illinois nonprofit organization), which comprise the statement of assets, liabilities, and net assets – cash basis as of December 31, 2018, and the related statement of support, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

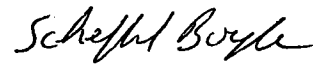
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Illinois Firefighter's Association Foundation, Inc. as of December 31, 2018, and its support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



Highland, IL
February 14, 2020

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

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 142,685
Total Current Assets	<u>142,685</u>
Non-Current Assets	
Cash and Cash Equivalents - For Restricted Use	2,550
Total Non-Current Assets	<u>2,550</u>
Total Assets	<u>\$ 145,235</u>

NET ASSETS

Net Assets With Donor Restrictions	\$ 2,550
Net Assets Without Donor Restrictions	<u>142,685</u>
Total Net Assets	<u>\$ 145,235</u>

ILLINOIS FIREFIGHTER'S ASSOCIATION FOUNDATION, INC
STATEMENT OF SUPPORT, 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>
SUPPORT AND REVENUES:			
Program Income - Conference	\$ 9,376		\$ 9,376
Fundraiser Income	431,341		431,341
Donations	15,741		15,741
Interest Income	824		824
Miscellaneous Income	264		264
Contributions from Related Organizations	4,798		4,798
Total Revenue	<u>462,344</u>	<u>\$ 0</u>	<u>462,344</u>
EXPENSES:			
Program Services	52,558		52,558
Management and General	9,237		9,237
Fundraising	354,614		354,614
Total Expenses	<u>416,408</u>	<u>0</u>	<u>416,408</u>
CHANGE IN NET ASSETS	45,936	0	45,936
NET ASSETS - Beginning of Year	<u>96,749</u>	<u>2,550</u>	<u>99,299</u>
NET ASSETS - End of Year	<u>\$ 142,685</u>	<u>\$ 2,550</u>	<u>\$ 145,235</u>

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

ILLINOIS FIREFIGHTER'S ASSOCIATION FOUNDATION, INC
STATEMENT OF FUNCTIONAL EXPENSES

CASH BASIS
DECEMBER 31, 2018

	Program Services	Supporting Activities		Total Functional Expenses
		Mangement and General	Fundraising	
Grants	\$ 2,160			\$ 2,160
Audit Fee		\$ 4,555		4,555
Telephone	102	102		204
Insurance		2,004		2,004
Postage	3	3		6
Conferences	41,275			41,275
NVFC Meeting	2,074			2,074
Other Conferences, Meetings	1,131			1,131
Travel	2,819			2,819
Annual Filing Fees		25		25
Dues and Subscriptions	500	500		1,000
Bank & Credit Card Fees	446		\$ 4,757	5,203
Fundraising Fees			349,857	349,857
Assessments	1,250	1,250		2,500
Other Expenses	798	798		1,595
Total Expenses	<u>\$ 52,558</u>	<u>\$ 9,237</u>	<u>\$ 354,614</u>	<u>\$ 416,408</u>

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Illinois Firefighter's Association Foundation, Inc. is a nonprofit organization which provides grants and scholarships for firefighting educational programs and is affiliated with the Illinois Firefighter's Association, Inc. 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 accompanying financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis, revenues are recognized when received rather than when earned and expenditures are recognized when cash is disbursed 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 – Net assets subject to donor-imposed stipulations 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 Support, Revenue, Expenses and Change in Net Assets-cash basis as related from restrictions. The Organization had net assets with donor restrictions of \$2,550 at December 31, 2018.

Net Assets Without Donor Restrictions – This includes resources available for support of the Organization's operations. Each year the Board designates resources of the Unrestricted Fund for specific use. However, the Board is not bound by these designations and may adjust them, as they deem necessary. The Organization had net assets without donor restrictions of \$142,685 at December 31, 2018.

Donations – The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of support, revenue, and expenses as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Tax Exempt Status – The Organization is exempt from income taxes under Internal Revenue Code Section 501 (c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public charity. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

Allocated Expenses – Expenses by function have been allocated between program and supporting services classifications by directly changing 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 FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, applying the changes retrospectively to the comparative period presented. 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 \$142,685. 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, contributions and fund raising support from member departments throughout the State of Illinois. In addition, the Organization receives a significant portion of its total receipts from fundraisers conducted by contracted professional fundraisers (in excess of 90%). Accordingly, the receipts of the Organization are affected by the general economic conditions of the State and performance of the paid fundraiser.

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.

NOTE 5. PROFESSIONAL FUNDRAISING

The Organization signed a contract with Safety Programs, Inc. (SPI) in May 2017, to perform professional fundraising services. The contract was renewed in July 2018 for a period of 12 months. Proceeds are deposited and fees are withdrawn weekly into a separate checking account. Under the terms of the contract, the Organization retains 20% of all funds collected by SPI.

In May of 2017, the Organization signed a contract allowing Safety Programs, Inc. to subcontract with Telenet & Associates, Inc. (TAI) and Midwest Marketing Firm, Inc. (MMF) to conduct fundraising on behalf of the Illinois Firefighter's Association Foundation, Inc. The weekly funds collected by TAI and MMF will be disbursed as follows: 75% to TAI & MMF, 20% to the Organization, and 5% to SPI.

<u>Collection of Revenues</u>	<u>Cost of Collections</u>	<u>Collection in Excess of Costs</u>
<u>\$ 431,341</u>	<u>\$ 349,857</u>	<u>\$ 81,484</u>

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

NOTE 6. NET ASSETS WITH DONOR RESTRICTION

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

Memorial Program	<u>\$ 2,550</u>
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Memorial Services – The Organization was the recipient of a donation that is restricted for the recording and distribution of the Organization's Memorial Service, which is held at the Organization's annual conference. The Memorial Service is to honor all firefighters in the State of Illinois who have passed away during the preceding year.

NOTE 7. RELATED PARTY TRANSACTIONS

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. A summary of transactions with related organizations is as follows:

	<u>Illinois Firefighter's</u> <u>Association, Inc.</u>
Expenses	
Contribution to Foundation	<u>\$ 4,798</u>
Total Expenses	<u>\$ 4,798</u>

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

NOTE 7. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Statement of Assets and Net Assets

		<u>Illinois Firefighter's Association, Inc.</u>
Current Assets	\$	17,255
Non-Current Assets		153,034
Total Assets		<u>170,289</u>
Total Net Assets		<u>170,289</u>
Total Liabilities and Net Assets	\$	<u>170,289</u>

Statement of Revenues, Expenses, and Change in Net Assets

Total Revenues	\$	<u>63,221</u>
Program and Supporting Expenses		(46,360)
Contributions to Related Organizations		(4,798)
Total Expenditures		<u>(51,158)</u>
Increase in Net Assets	\$	<u>12,063</u>

NOTE 8. INCOME TAXES

Accounting Standards Codification Topic 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Topic 740-10 developed a two-step process to evaluate a tax position and also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Illinois Firefighters Association Foundation, Inc has not recorded a reserve for any tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. Illinois Firefighters Association Foundation, Inc files tax returns in all appropriate jurisdictions. The open tax years are those years ended December 31, 2015 through December 31, 2018. The 2018 tax return has been filed as of the date of this report. As of December 31, 2018, Illinois Firefighters Association Foundation, Inc has no recorded liability for unrecognized tax benefits.

Illinois Firefighters Association Foundation, Inc recognizes interest and penalties related to uncertain tax positions as interest expense and penalties as incurred. No such expense was recognized for the year ended December 31, 2018.

NOTE 9. 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.