

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

**FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

December 31, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
International Association of Industrial Accident
Boards and Commissions, Incorporated
Madison, 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, 2013 and 2012, 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, 2013 and 2012, 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 Opinion

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 24, 2014

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
STATEMENTS OF FINANCIAL POSITION
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash	\$ 421,201	\$ 513,076
Cash held for others	17,082	16,580
Investments	140,095	-
Accounts receivable - net	350	13,150
Prepaid expenses	8,432	17,916
Security deposit	633	633
Office furniture and equipment	17,768	15,113
Less accumulated depreciation	<u>(12,915)</u>	<u>(12,260)</u>
Total assets	<u>\$ 592,646</u>	<u>\$ 564,208</u>
LIABILITIES		
Accounts payable	\$ 3,950	\$ 8,604
Payroll, benefits and taxes payable	43,766	45,459
Custodial funds	17,081	16,580
Deferred revenue	<u>319,623</u>	<u>342,250</u>
Total liabilities	384,420	412,893
NET ASSETS		
Unrestricted	<u>208,226</u>	<u>151,315</u>
Total liabilities and net assets	<u>\$ 592,646</u>	<u>\$ 564,208</u>

See accompanying notes.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
STATEMENTS OF ACTIVITIES
Years ended December 31, 2013 and 2012

	2013	2012
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Membership dues	\$ 483,898	\$ 430,212
Conventions and trainings	324,201	311,421
Licensing	27,800	28,525
Miscellaneous	15,706	18,866
Investment return	(1,905)	-
Total unrestricted support and revenue	849,700	789,024
EXPENSES		
Program services		
Convention	238,005	186,349
EDI	200,437	219,812
The Forum	104,372	109,528
Other training	61,102	19,359
Total program services	603,916	535,048
Supporting activities		
Management and general	108,602	133,939
Membership development	80,271	99,120
Total supporting activities	188,873	233,059
Total expenses	792,789	768,107
Change in net assets	56,911	20,917
Net assets - beginning of year	151,315	130,398
Net assets - end of year	\$ 208,226	\$ 151,315

See accompanying notes.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
STATEMENTS OF CASH FLOWS
Years ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 56,911	\$ 20,917
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Unrealized loss on investments	3,136	-
Allowance for uncollectible accounts	(1,275)	(4,225)
Depreciation	655	22
(Increase) decrease in assets		
Accounts receivable	14,075	(8,396)
Prepaid expenses	9,484	(843)
Increase (decrease) in liabilities		
Accounts payable	(4,654)	4,518
Payroll, benefits and taxes payable	(1,694)	(3,486)
Deferred revenue	(22,627)	114,667
Net cash flows from operating activities	54,011	123,174
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of office furniture and equipment	(2,655)	(2,875)
Redemption of certificates of deposit	-	42,946
Interest and dividends reinvested in investments	(1,231)	-
Purchases of investments	(142,000)	-
Net cash flows from investing activities	(145,886)	40,071
Change in cash	(91,875)	163,245
Cash - beginning of year	513,076	349,831
Cash - end of year	\$ 421,201	\$ 513,076

See accompanying notes.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

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.

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, 2013 and 2012 was \$2,000 and \$3,275.

Investments

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 statements of activities.

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.

Office Furniture and Equipment

Purchases of office furniture and equipment in excess of \$1,000 are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for 2013 and 2012 was \$655 and \$22.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 has received an advanced ruling from the Internal Revenue Service as a not-for-profit public charity under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Wisconsin franchise or income tax.

IAIABC's federal exempt organization information is subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, IAIABC is no longer subject to such examinations for years before 2010.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated.

Date of Management's Review

Management has evaluated subsequent events through March 12, 2014, the date which the financial statements were available to be issued.

NOTE 2 – LEASES

IAIABC has an operating lease for office space in Madison, Wisconsin, expiring in December 2015. The lease requires monthly payments of \$1,508. Future minimum lease payments are \$18,091 for 2014 and \$16,583 for 2015. Lease expense for 2013 and 2012 was \$18,091.

NOTE 3 – 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 was \$22,592 and \$26,275 for 2013 and 2012.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 4 – COMMITMENTS

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. The minimum penalties for cancellations the IAIABC may face range from \$3,500 to \$104,818 and total \$158,006. The maximum penalties are typically imposed when an event is cancelled within 90 days of the event. The maximum penalty ranges from \$3,500 to \$118,139 and total \$171,327.

NOTE 5 – INVESTMENTS

Investments consisted of the following at December 31, 2013:

Cash	\$ 459
Mutual funds	40,224
Bonds	99,412
	<u> </u>
Investments	<u>\$ 140,095</u>

Investment return for 2013 consisted of the following:

Interest and dividends	\$ 1,231
Unrealized loss	(3,136)
	<u> </u>
Investment return	<u>\$ (1,905)</u>

NOTE 6 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2013 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)
Mutual funds	\$ 40,224	\$ 40,224	\$ -	\$ -
Bonds	99,412	-	99,412	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 139,636</u>	<u>\$ 40,224</u>	<u>\$ 99,412</u>	<u>\$ -</u>

Fair values for mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for bonds are determined based on recent prices of similar assets.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 7 – CONCENTRATIONS OF CREDIT RISK

IAIABC maintains its cash accounts at a financial institution located in Madison, Wisconsin. The total cash balances are insured by the National Credit Union Administration (NCUA) up to \$250,000. At December 31, 2013 and 2012, IAIABC's uninsured cash balances totaled \$190,535 and \$55,811.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT
BOARDS AND COMMISSIONS, INCORPORATED**
SCHEDULE OF FUNCTIONAL REVENUE AND EXPENSES
Year ended December 31, 2013

	Convention	EDI	The Forum
REVENUE			
Membership dues	\$ -	\$ 120,242	\$ -
Conventions and trainings	211,640	21,054	78,225
Licensing	-	27,800	-
Miscellaneous	-	10,770	-
Investment return	-	-	-
Total revenue	211,640	179,866	78,225
EXPENSES			
Personnel	73,092	120,621	52,526
Conventions and trainings	146,783	7,199	40,919
Office	18,130	14,521	10,927
Professional fees	-	58,096	-
Total expenses	238,005	200,437	104,372
Excess revenue (expenses)	\$ (26,365)	\$ (20,571)	\$ (26,147)

Other Training	Supporting Activities	Total
\$ 1,700	\$ 361,955	\$ 483,897
13,282	-	324,201
-	-	27,800
2,475	2,462	15,707
-	(1,905)	(1,905)
17,457	362,512	849,700
45,088	114,400	405,727
8,365	6,869	210,135
7,649	42,048	93,275
-	25,556	83,652
61,102	188,873	792,789
<u>\$ (43,645)</u>	<u>\$ 173,639</u>	<u>\$ 56,911</u>