

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

FINANCIAL STATEMENTS WITH  
SUPPLEMENTARY INFORMATION

December 31, 2015 and 2014

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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, 2015 and 2014, 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, 2015 and 2014, 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 15, 2016

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT  
BOARDS AND COMMISSIONS, INCORPORATED**  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2015 and 2014

	2015	2014
<b>ASSETS</b>		
Cash	\$ 376,395	\$ 424,256
Cash held for others	16,141	17,271
Investments	250,331	177,319
Accounts receivable - net	8,422	2,855
Prepaid expenses	30,666	23,701
Security deposit	633	633
Property and equipment - net	22,072	3,747
<b>Total assets</b>	<b>\$ 704,660</b>	<b>\$ 649,782</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 19,286	\$ 2,984
Payroll, benefits and taxes payable	44,488	51,019
Custodial funds	16,241	17,471
Deferred revenue	364,215	332,325
<b>Total liabilities</b>	<b>444,230</b>	<b>403,799</b>
<b>NET ASSETS</b>		
Unrestricted	260,430	245,983
<b>Total liabilities and net assets</b>	<b>\$ 704,660</b>	<b>\$ 649,782</b>

See accompanying notes.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT  
BOARDS AND COMMISSIONS, INCORPORATED**  
STATEMENTS OF ACTIVITIES  
Years ended December 31, 2015 and 2014

	2015	2014
<b>UNRESTRICTED NET ASSETS</b>		
<b>REVENUE</b>		
Membership dues	\$ 510,988	\$ 504,275
Conventions and trainings	386,504	357,997
Licensing	25,725	26,850
Miscellaneous	13,977	14,161
Investment return	(1,988)	3,224
	935,206	906,507
<b>EXPENSES</b>		
Program services		
Convention	292,131	272,349
EDI	109,184	122,724
The Forum	144,233	130,106
Other training	90,006	129,579
	635,554	654,758
Supporting activities		
Management and general	163,993	123,045
Membership development	121,212	90,947
	285,205	213,992
Total expenses	920,759	868,750
<b>Change in net assets</b>	14,447	37,757
Net assets - beginning of year	245,983	208,226
<b>Net assets - end of year</b>	\$ 260,430	\$ 245,983

See accompanying notes.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT  
BOARDS AND COMMISSIONS, INCORPORATED**  
STATEMENTS OF CASH FLOWS  
Years ended December 31, 2015 and 2014

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 14,447	\$ 37,757
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized and unrealized (gain) loss on investments	3,717	(1,208)
Allowance for uncollectible accounts	7,000	-
Depreciation and amortization	4,992	1,106
(Increase) decrease in assets		
Cash held for others	1,130	(189)
Accounts receivable	(12,567)	(2,505)
Prepaid expenses	(6,965)	(15,269)
Increase (decrease) in liabilities		
Accounts payable	16,302	(966)
Payroll, benefits and taxes payable	(6,531)	7,254
Custodial funds	(1,230)	389
Deferred revenue	31,890	12,702
<b>Net cash flows from operating activities</b>	<b>52,185</b>	<b>39,071</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(76,729)	(36,016)
Purchase of website	(23,317)	-
<b>Net cash flows from investing activities</b>	<b>(100,046)</b>	<b>(36,016)</b>
Change in cash	(47,861)	3,055
Cash - beginning of year	424,256	421,201
<b>Cash - end of year</b>	<b>\$ 376,395</b>	<b>\$ 424,256</b>

See accompanying notes.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT  
BOARDS AND COMMISSIONS, INCORPORATED**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015 and 2014

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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 are deemed uncollectible after reasonable collection efforts are exhausted are charged to the allowance. Allowance for uncollectible accounts at December 31, 2015 and 2014 was \$9,000 and \$2,000.

**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.

**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 \$1,000 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, 2015 and 2014

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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.

**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.

**Date of Management’s Review**

Management has evaluated subsequent events through March 15, 2016, 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, 2015 and 2014, IAIABC’s uninsured cash balances totaled approximately \$147,000 and \$199,000.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2015 and 2014:

	2015	2014
Office furniture and equipment	\$ 10,689	\$ 10,689
Website	23,317	-
Accumulated depreciation and amortization	(11,934)	(6,942)
Property and equipment - net	\$ 22,072	\$ 3,747

Depreciation and amortization expense for 2015 and 2014 was \$4,992 and \$1,106.

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT  
BOARDS AND COMMISSIONS, INCORPORATED**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015 and 2014

NOTE 4 – INVESTMENTS

Investments at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Money market funds	\$ 6,747	\$ 3,964
Mutual funds	<u>243,584</u>	<u>173,355</u>
Investments	<u><u>\$ 250,331</u></u>	<u><u>\$ 177,319</u></u>

Investment return for 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 4,180	\$ 3,450
Fees	(2,451)	(1,434)
Net realized and unrealized gain (loss)	<u>(3,717)</u>	<u>1,208</u>
Investment return	<u><u>\$ (1,988)</u></u>	<u><u>\$ 3,224</u></u>

NOTE 5 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2015 and 2014 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	\$ 6,747	\$ 6,747	\$ -	\$ -
Mutual funds	<u>243,584</u>	<u>243,584</u>	<u>-</u>	<u>-</u>
Investments - 2015	<u><u>\$ 250,331</u></u>	<u><u>\$ 250,331</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Money market funds	\$ 3,964	\$ 3,964	\$ -	\$ -
Mutual funds	<u>173,355</u>	<u>173,355</u>	<u>-</u>	<u>-</u>
Investments - 2014	<u><u>\$ 177,319</u></u>	<u><u>\$ 177,319</u></u>	<u><u>\$ -</u></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, 2015 and 2014

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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 was \$26,838 and \$28,117 for 2015 and 2014.

NOTE 7 – COMMITMENTS

During 2015 and 2014 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, 2015, IAIABC could be liable for penalties that range from approximately \$315,000 to \$712,000.

IAIABC has an operating lease for office space in Madison, Wisconsin, expiring in November 2016. The lease requires monthly payments of \$1,508. During the year, IAIABC signed a lease for new office space in Middleton, Wisconsin. The lease requires monthly payments of \$2,148 beginning in September 2016 and expires August 2023. Minimum rental payments required are set to increase by a rate of 2% each year. Lease expense for 2015 and 2014 was \$18,091.

Future minimum lease payments are as follows:

2016	\$	25,175
2017		25,948
2018		26,468
2019		26,996
2020		27,532
Thereafter		76,080

**INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT  
BOARDS AND COMMISSIONS, INCORPORATED**  
SCHEDULE OF FUNCTIONAL REVENUE AND EXPENSES  
Year ended December 31, 2015

	Convention	EDI	The Forum
<b>REVENUE</b>			
Membership dues	\$ -	\$ 140,563	\$ -
Conventions and trainings	243,757	747	103,028
Licensing	-	25,725	-
Miscellaneous	-	8,219	-
Investment return	-	-	-
Total revenue	243,757	175,254	103,028
<b>EXPENSES</b>			
Personnel	78,840	93,383	57,408
Conventions and trainings	187,179	324	65,561
Office	10,215	12,446	5,686
Professional fees	15,897	3,031	15,578
Bad debt expense	-	-	-
Total expenses	292,131	109,184	144,233
<b>Excess revenue (expenses)</b>	<b>\$ (48,374)</b>	<b>\$ 66,070</b>	<b>\$ (41,205)</b>

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Other Training	Supporting Activities	Total
\$ 1,800	\$ 368,625	\$ 510,988
31,972	7,000	386,504
-	-	25,725
3,300	2,458	13,977
-	(1,988)	(1,988)
<u>37,072</u>	<u>376,095</u>	<u>935,206</u>
57,408	172,223	459,262
16,242	23,650	292,956
9,307	74,631	112,285
-	14,701	49,207
7,049	-	7,049
<u>90,006</u>	<u>285,205</u>	<u>920,759</u>
<u>\$ (52,934)</u>	<u>\$ 90,890</u>	<u>\$ 14,447</u>