

**SOUTH CAROLINA STATE FIREFIGHTERS' ASSOCIATION
COLUMBIA, SOUTH CAROLINA**

CONSOLIDATING FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

**SOUTH CAROLINA STATE FIREFIGHTERS' ASSOCIATION
COLUMBIA, SOUTH CAROLINA**

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Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
South Carolina State Firefighters' Association
Columbia, South Carolina

We have audited the accompanying consolidating financial statements of the South Carolina State Firefighters' Association (a nonprofit organization) and its subsidiary, South Carolina Firefighters Insurance Services, LLC, which comprise the consolidating statement of financial position as of September 30, 2020, and the related consolidating statement of activities, statement of functional expenses, and consolidating statement of cash flows for the year then ended, and the related notes to the consolidating financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating 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 consolidating 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 consolidating 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 consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating 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 consolidating 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 consolidating 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 consolidating financial statements referred to above present fairly, in all material respects, the financial positions of the South Carolina State Firefighters' Association and its subsidiary as of September 30, 2020, and the changes in their net assets/retained earnings and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Prior Period Adjustments

As discussed in Note K in the notes to the financial statements, in the year ended September 30, 2020 the South Carolina State Firefighters' Association and the South Carolina Firefighters Insurance Services, LLC discovered errors relating to the reporting of prepaid expenses and unearned revenues that impacted the financial statements as of September 30, 2019. As a result, the beginning net assets/retained earnings have been restated in the current year financial statements to correct these errors. Our opinion is not modified with respect to this matter.

Greene Finney, LLP

Greene Finney, LLP
Mauldin, South Carolina
February 26, 2021

**SOUTH CAROLINA STATE FIREFIGHTERS' ASSOCIATION
COLUMBIA, SOUTH CAROLINA**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2020

ASSETS	Firefighters' Association	Insurance Services	Eliminations	Consolidated
Current Assets:				
Cash and Cash Equivalents	\$ 1,417,655	131,845	260	\$ 1,549,760
Investments	51,891	-	-	51,891
Receivables	66,508	31,843	(1,454)	96,897
Prepaid Expenses	170,481	222,908	(159,475)	233,914
Total Current Assets	1,706,535	386,596	(160,669)	1,932,462
Noncurrent Assets:				
Intangible Assets, Net	178,472	-	-	178,472
Property and Equipment, Net	657,124	-	-	657,124
Investment in South Carolina Firefighters Insurance Services, LLC	94,979	-	(94,979)	-
Total Noncurrent Assets	930,575	-	(94,979)	835,596
TOTAL ASSETS	\$ 2,637,110	386,596	(255,648)	\$ 2,768,058
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 52,197	19,094	(1,194)	\$ 70,097
Accrued Salaries and Fringe Benefits	29,677	-	-	29,677
Unused Vacation/Sick Pay	45,683	-	-	45,683
Unearned Revenue	20,700	272,523	(159,475)	133,748
Total Current Liabilities	148,257	291,617	(160,669)	279,205
TOTAL LIABILITIES	148,257	291,617	(160,669)	279,205
NET ASSETS/RETAINED EARNINGS				
With Donor Restrictions	284,611	-	-	284,611
Without Donor Restrictions	2,204,242	-	-	2,204,242
Retained Earnings	-	94,979	(94,979)	-
TOTAL NET ASSETS/RETAINED EARNINGS	2,488,853	94,979	(94,979)	2,488,853
TOTAL LIABILITIES AND NET ASSETS/RETAINED EARNINGS	\$ 2,637,110	386,596	(255,648)	\$ 2,768,058

The notes to the consolidating financial statements are an integral part of these financial statements.
See the accompanying independent auditor's report.

**SOUTH CAROLINA STATE FIREFIGHTERS' ASSOCIATION
COLUMBIA, SOUTH CAROLINA**

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2020

	Firefighters' Association	Insurance Services	Eliminations	Consolidated
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS/RETAINED EARNINGS:				
REVENUE AND OTHER SUPPORT				
Assessments from County Treasurers	\$ 876,218	-	-	\$ 876,218
Commissions	-	143,295	(41,196)	102,099
Conference Fees	22,675	-	(20,000)	2,675
(Loss) on Investment in South Carolina Firefighters Insurance Services, LLC	(5,275)	-	5,275	-
Insurance Services Reimbursements	205,229	-	(205,229)	-
Interest	502	35	-	537
Membership Dues	159,676	-	-	159,676
Member Insurance Premiums	556,915	1,251,378	(591,314)	1,216,979
Miscellaneous	11,615	50,098	(44,000)	17,713
Rent	17,400	-	(17,400)	-
Sale of Literature, Videos, and T-Shirts	402,259	-	-	402,259
Training and Education	406,339	-	-	406,339
Gain (Loss) on Disposal of Property and Equipment	-	3,423	-	3,423
Investment Returns (Losses)	1,141	-	-	1,141
Satisfaction of Purpose Restrictions	208,269	-	-	208,269
Total Revenues Without Donor Restrictions and Other Support	2,862,963	1,448,229	(913,864)	3,397,328
EXPENSES				
Program	2,155,759	-	(774,737)	1,381,022
Management and General	448,973	-	(99,802)	349,171
Insurance Premiums and Operating	-	1,453,504	(44,600)	1,408,904
Total Expenses	2,604,732	1,453,504	(919,139)	3,139,097
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS/RETAINED EARNINGS	258,231	(5,275)	5,275	258,231
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:				
Contributions	1,760	-	-	1,760
Grants	250,000	-	-	250,000
Net Assets Released From Restrictions	(208,269)	-	-	(208,269)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	43,491	-	-	43,491
CHANGE IN NET ASSETS/RETAINED EARNINGS	301,722	(5,275)	5,275	301,722
NET ASSETS/RETAINED EARNINGS, Beginning of Year, as Previously Reported	2,067,523	113,544	(113,544)	2,067,523
Prior Period Adjustments	119,608	(13,290)	13,290	119,608
NET ASSETS/RETAINED EARNINGS, Beginning of Year, Restated	2,187,131	100,254	(100,254)	2,187,131
NET ASSETS/RETAINED EARNINGS, End of Year	\$ 2,488,853	94,979	(94,979)	\$ 2,488,853

The notes to the consolidating financial statements are an integral part of these financial statements.
See the accompanying independent auditor's report.

**SOUTH CAROLINA STATE FIREFIGHTERS' ASSOCIATION
COLUMBIA, SOUTH CAROLINA**

STATEMENT OF FUNCTIONAL EXPENSES - FIREFIGHTERS' ASSOCIATION

YEAR ENDED SEPTEMBER 30, 2020

	Program	Management and General	Total
Amortization	\$ 158,333	-	\$ 158,333
Auto Expenses	16,157	4,039	20,196
Bank Charges	-	1,772	1,772
Computer/Web Master	56,711	14,178	70,889
Contract Labor	-	44,000	44,000
Convention - Books and Videos	354,291	-	354,291
Convention - Facility Rooms and Meals	121,189	-	121,189
Depreciation	-	85,563	85,563
Dues and Subscriptions	-	8,921	8,921
Equipment Lease	5,742	1,436	7,178
Executive Committee Work Sessions	-	31,866	31,866
Grants	86,969	-	86,969
Health and Life Insurance	61,817	15,454	77,271
Insurance	-	19,363	19,363
Janitorial	-	5,175	5,175
Meals and Entertainment	-	1,790	1,790
Member Insurance Pass Through	507,064	-	507,064
Memorial Maintenance	12,806	-	12,806
Miscellaneous	-	7,611	7,611
Office Supplies	10,500	2,625	13,125
1% Audits	28,742	-	28,742
Payroll Taxes	30,240	7,560	37,800
Printing	3,190	797	3,987
Professional Fees	46,938	11,734	58,672
PTSD Insurance Coverage for Members	109,250	-	109,250
Repairs and Maintenance	-	30,931	30,931
Retirement Contribution	57,014	14,253	71,267
Salaries and Wages	445,545	111,386	556,931
Supplies	2,050	513	2,563
Taxes and Licenses	-	2,883	2,883
Telephone	25,058	6,264	31,322
Travel	7,963	1,991	9,954
Utilities and Security	-	14,820	14,820
Vacation and Sick Pay	8,190	2,048	10,238
	<u>\$ 2,155,759</u>	<u>448,973</u>	<u>\$ 2,604,732</u>

The notes to the consolidating financial statements are an integral part of these financial statements.
See the accompanying independent auditor's report.

**SOUTH CAROLINA STATE FIREFIGHTERS' ASSOCIATION
COLUMBIA, SOUTH CAROLINA**

CONSOLIDATING STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2020

	Firefighters' Association	Insurance Services	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets/Retained Earnings	\$ 301,722	(5,275)	5,275	\$ 301,722
Adjustments to Reconcile Change in Net Assets/Retained Earnings to Net Cash Provided by Operating Activities:				
Amortization Expense	158,333	-	-	158,333
Depreciation Expense	85,563	1,079	-	86,642
(Gain) Loss on Disposal of Property and Equipment	-	(3,423)	-	(3,423)
Investment Gains	104	-	-	104
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(8,458)	(3,127)	(19,814)	(31,399)
(Increase) Decrease in Prepaid Expenses	3,679	10,430	(19,673)	(5,564)
(Increase) Decrease in SC Firefighters Insurance Services Investment	5,275	-	(5,275)	-
Increase (Decrease) in Accounts Payable	18,107	(9,059)	20,074	29,122
Increase (Decrease) in Accrued Salaries and Fringe Benefits	7,954	-	-	7,954
Increase (Decrease) in Unused Vacation/Sick Pay	10,238	-	-	10,238
Increase (Decrease) in Unearned Revenue	700	9,275	19,673	29,648
NET CASH PROVIDED BY OPERATING ACTIVITIES	583,217	(100)	260	583,377
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of Property and Equipment	(38,588)	-	-	(38,588)
Proceeds from Disposal of Property and Equipment	-	20,329	-	20,329
Proceeds from Sale and Maturity of Investments	30,000	-	-	30,000
Acquisition of Investments	(31,572)	-	-	(31,572)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(40,160)	20,329	-	(19,831)
INCREASE IN CASH AND CASH EQUIVALENTS	543,057	20,229	260	563,546
CASH AND CASH EQUIVALENTS, Beginning of Year	874,598	111,616	-	986,214
CASH AND CASH EQUIVALENTS, End of Year	\$ 1,417,655	131,845	260	\$ 1,549,760

The notes to the consolidating financial statements are an integral part of these financial statements.
See the accompanying independent auditor's report.

**SOUTH CAROLINA STATE FIREFIGHTERS' ASSOCIATION
COLUMBIA, SOUTH CAROLINA**

NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

NOTE A—NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The South Carolina State Firefighters' Association ("Association" or "Firefighters' Association" when referring to the unconsolidated entity) is a non-profit South Carolina corporation whose membership consists of South Carolina firefighters. The Association sponsors various activities to promote and assist the fire service. These activities include, but are not limited to, monitoring of fire service-related legislation, promotion of a retirement plan for firefighters, oversight of fire and broker insurance premium taxes for the State of South Carolina, and public education on fire safety. The Firefighters' Association receives a significant portion of its revenue from the fire and broker insurance premium tax pursuant to South Carolina statute.

The Association also contracts with the South Carolina Firefighters Insurance Services, LLC ("Insurance Services"), an insurance brokerage and wholly owned subsidiary of the Association, to provide certain life and disability insurance benefits to its members; a portion of the membership dues are used to pay the insurance premiums. Palmetto Resource Solutions ("PRS"), which was created to provide consulting services, is a wholly owned subsidiary of Insurance Services. During the current year, PRS's revenues totaled \$44,000 and were generated solely from providing consulting services to the Association. The financial activity of PRS is not considered material to the consolidating financial statements, and has therefore been combined with Insurance Services in the consolidating financial statements. Intercompany transactions, primarily charges for insurance and services and reimbursement for expenses, and balances are eliminated in the consolidating financial statements.

Basis of Presentation

The accompanying financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash equivalents included in these financial statements are defined as all highly liquid instruments purchased with an original maturity of three months or less.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Consolidating Statement of Financial Position. Investment returns/(losses) are reported in the Consolidating Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

Receivables

All of the receivables are unsecured and are considered to be collectible; therefore, there is no allowance for doubtful accounts.

Prepaid Expenses

Prepaid expenses at September 30, 2020 for the Firefighters' Association consisted of \$130,975 in premiums on various insurance policies which are sold by Insurance Services which will be expensed in the subsequent fiscal year, \$28,500 in premiums on a post-traumatic stress disorder ("PTSD") insurance policy sold by Insurance Services which will be expensed in the subsequent fiscal year, and deposits of \$11,006 for conferences to be held in the future. Prepaid expenses for Insurance Services consisted of \$222,908 in premiums on various insurance policies which will be expensed in the subsequent fiscal year. Prepaid amounts between the Firefighters' Association and Insurance Services are eliminated in the Consolidating Statement of Net Position.

**SOUTH CAROLINA STATE FIREFIGHTERS' ASSOCIATION
COLUMBIA, SOUTH CAROLINA**

NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

**NOTE A—NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Intangible Assets

The Association capitalizes intangible assets costing more than \$5,000, while lesser amounts are usually expensed. Intangible assets are recorded at cost. Amortization is computed on the straight-line method over the estimated useful lives of the assets.

Property and Equipment

The Association capitalizes property and equipment costing more than \$5,000, while lesser amounts are usually expensed. Purchased property and equipment are stated at cost. Donated property and equipment are recorded at their estimated fair value at the date of receipt. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

Net Assets

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Firefighters' Association and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions are net assets available for use in general operations and not subject to donor-imposed restrictions. The Board, at its discretion, may designate a portion of the net assets without donor restrictions to be used for specific purposes.
- Net Assets With Donor Restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by the actions of the Association or the passage of time. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. When a 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 Consolidating Statement of Activities as net assets released from restrictions.

Revenue and Revenue Recognition

Revenue is recognized when earned. Revenues received in advance are deferred to the applicable period in which the revenue relates. Insurance premiums received by Insurance Services applicable to policy periods after year-end are considered unearned revenue. Conference sponsorships received by the Firefighters' Association are considered unearned revenue until the conference occurs. Unearned revenues on transactions between the Firefighters' Association and Insurance Services are eliminated in the Consolidating Statement of Net Position.

All grants and contributions are considered to be available for unrestricted use unless specifically restricted by the grantor or contributor. Amounts received that are designated for future periods or restricted by the grantor or donor for specific purposes are reported as support that increases net assets with donor restrictions. When a temporary restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidating Statement of Activities as net assets released from restrictions.

Contributed Services and In-kind Contributions

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) requires specialized skills, and would typically need to be purchased if not provided by donation. During the year ended September 30, 2020, the Association received no contributions of services that were required to be recorded.

Compensated Absences

The Association's annual leave policy allows accumulation of up to 360 hours for unused annual leave at any time. Employees accumulate annual leave at varying rates depending on longevity.

**SOUTH CAROLINA STATE FIREFIGHTERS' ASSOCIATION
COLUMBIA, SOUTH CAROLINA**

NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

**NOTE A—NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Functional Allocation of Expenses

The costs of program services and management and general activities have been summarized on a functional basis in the Consolidating Statement of Activities. The Statement of Functional Expenses present the natural classification detail of expenses by function. Certain categories of expenses are attributable to both program services and management and general activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Allocated costs include salaries and wages, employee benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort.

Income Tax Status

The Association has obtained exemption from federal and state income taxes under Section 501(c)(4) of the Internal Revenue Code. In addition, the Association is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Management is not aware of any transactions or events that would disqualify its tax-exempt status. During the current year, the Firefighters' Association did not conduct any unrelated business activities, however, the activities of the Association's subsidiary, Insurance Services, are considered unrelated business activities and are thus subject to taxation in the Association's income tax return. Any taxes attributable to Insurance Services are paid and recorded by Insurance Services along with the corresponding income tax expense. Any related income tax refunds are also recorded by Insurance Services. Management has evaluated its tax positions and has concluded that the Association has taken no uncertain tax positions that could require adjustment or disclosure in the financial statements. The Association's tax returns for the past three years remain open for examination by taxing authorities.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B—LIQUIDITY AND AVAILABILITY

Financial assets available to the Firefighters' Association for general expenditures (those without donor or other restrictions limiting their use) within the year following September 30, 2020 consist of the following:

Cash and Cash Equivalents*	\$	1,133,044
Investments		51,891
Accounts Receivable		66,508
	\$	<u>1,251,443</u>

* Excludes amounts restricted for an intended purpose as these funds are not available for general expenditures.

The Firefighters' Association anticipates being able to meet its liquidity needs during the upcoming year with assessments from county treasurers revenues and membership dues.

NOTE C—CONCENTRATION OF CREDIT RISK

The Association maintains almost all of its cash in a bank deposit account at one financial institution. As of September 30, 2020, the Association's bank balances exceeded Federal Deposit Insurance Corporation ("FDIC") limits by \$1,189,778.

**SOUTH CAROLINA STATE FIREFIGHTERS' ASSOCIATION
COLUMBIA, SOUTH CAROLINA**

NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

NOTE D—INVESTMENTS

The Association has investments in United States Treasury notes, governmental agency securities, and corporate bonds.

The fair value framework under generally accepted accounting principles requires the categorization of assets and liabilities into three levels based upon the assumptions used to value the assets or liabilities. The fair value framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level one measurements) and the lowest priority to unobservable inputs (level three measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

At September 30, 2020, all of the Association's investments were measured at quoted market values (level one). There have been no changes in the methodologies used at September 30, 2020.

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of September 30, 2020.

United States Treasury Notes	\$ 20,662
Governmental Agency Securities:	
Federal Home Loan Mortgage	10,286
Corporate Bonds:	
Wells Fargo	5,037
Intercontinental	5,485
JP Morgan Chase	5,287
PSEG Power LLC	5,133
Total	<u>\$ 51,891</u>

**SOUTH CAROLINA STATE FIREFIGHTERS' ASSOCIATION
COLUMBIA, SOUTH CAROLINA**

NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

NOTE E—RECEIVABLES

At September 30, 2020, receivables were comprised of the following:

Description	Firefighters' Association	Insurance Services
Due From Fire Academy	\$ 30,516	\$ -
Assessments	34,404	-
Insurance Premiums	-	14,333
Income Tax Refund	-	17,510
Due From Insurance Services	1,454	-
Other	134	-
	<u>\$ 66,508</u>	<u>\$ 31,843</u>

Receivables due from Insurance Services and the Firefighters' Association are eliminated on the Consolidating Statement of Financial Position.

NOTE F—INTANGIBLE ASSETS

The Firefighters' Association has developed recruitment tools available for use by its members. This included the development of a recruiting video and other materials marketing the firefighting profession to potential recruits. These costs were capitalized and at September 30, 2020 intangible assets were comprised of the following:

	Useful Life	Firefighters' Association
Recruitment Videos and Marketing Materials	3 years	\$ 475,000
Less Accumulated Amortization		(296,528)
		<u>\$ 178,472</u>

Amortization expense for the year ended September 30, 2020 was \$158,333 for the Firefighters' Association. Estimated future amortization expense related to intangible assets is as follows:

Years Ending September 30,	Amortization Expense
2021	\$ 153,472
2022	25,000
	<u>\$ 178,472</u>

**SOUTH CAROLINA STATE FIREFIGHTERS' ASSOCIATION
COLUMBIA, SOUTH CAROLINA**

NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

NOTE G—PROPERTY AND EQUIPMENT

Property and equipment was comprised of the following at September 30, 2020:

	Useful Life	Firefighters' Association	Insurance Services
Land	N/A	\$ 46,853	\$ -
Software	5 years	118,972	-
Building and Improvements	15 - 39 years	715,841	-
Vehicles	5 years	237,293	-
Furniture and Equipment	5 - 15 years	112,904	16,754
		1,231,863	16,754
Less Accumulated Depreciation		(574,739)	(16,754)
		<u>\$ 657,124</u>	<u>\$ -</u>

Depreciation expense for the year ended September 30, 2020 was \$85,563 for the Firefighters' Association and \$1,079 for Insurance Services.

NOTE H—NET ASSETS

Net assets with donor restrictions generally consist of unspent grant proceeds and unspent contributions given for specific purposes. At September 30, 2020, net assets with donor restrictions were available for the following purposes:

	Firefighters' Association
Firefighter Memorial Maintenance	\$ 21,661
First Responder PTSD Treatment	262,950
	<u>\$ 284,611</u>

Net assets are released from restrictions by incurring expenses satisfying the restricted purposes, by the occurrence of other events specified by the grantor or donors, or by being released from restrictions by the grantor or donors. During the year ended September 30, 2020, net assets released from restrictions were \$208,269.

NOTE I—RETIREMENT PLANS

The Association contributes to the South Carolina Retirement System ("SCRS"). The SCRS is a cost-sharing multi-employer defined benefit pension plan administered by the South Carolina Public Employee Benefit Authority ("PEBA"). The SCRS offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws.

Both employees and employers are required to contribute to the plan under authority of Title 9 of the S.C. Code of Laws. Employees are required to contribute 9.00 percent of their annual compensation, and the Association is required to contribute at an actuarially required contribution rate. The actuarially determined rate for the year ended September 30, 2020 was 15.41 percent. The total current rate is 15.56 percent of the employee's annual compensation which includes the cost to provide group life insurance benefits for the plan participants at the rate of .15 percent. The Association contributed \$69,267 to the SCRS during the year, which was the contractually required contribution for the year. The Association's contributions do not represent more than 5% of the SCRS's total contributions.

**SOUTH CAROLINA STATE FIREFIGHTERS' ASSOCIATION
COLUMBIA, SOUTH CAROLINA**

NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

NOTE I—RETIREMENT PLANS (CONTINUED)

The risks of participating in a multi-employer defined benefit pension plan are different from single-employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (c) if the Association chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan based on the underfunded status of the plan. The Association has no plans to withdraw from the SCRS.

Based on the SCRS's most recent Comprehensive Annual Financial Report ("CAFR"), the SCRS was less than 51 percent funded with plan assets of approximately \$26,292,418,000 compared to a pension liability of approximately \$51,844,188,000. The South Carolina Retirement System CAFR is publicly available at the website www.peba.sc.gov or a copy may be obtained by writing PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

The Association also sponsors a defined contribution retirement plan for the benefit of its members. The Association makes no contributions to the plan. An amount determined by the State of South Carolina is paid directly from the State of South Carolina to the South Carolina State Firefighters' Association Retirement System. An outside firm manages the plan and the investment of the funds.

NOTE J—CONTINGENT LIABILITIES

The Association may receive grants, contracts, and contributions. Funding is subject to increases or decreases at the discretion of the contractors, grantors or donors. The Association's costs incurred under its governmental grants are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not be material to the financial position or changes in net assets of the Association.

NOTE K—PRIOR PERIOD ADJUSTMENTS

The Firefighters' Association and Insurance Services discovered insurance policies purchased by the Firefighters' Association which were sold by Insurance Services that were not properly accounted for in the September 30, 2019 financial statements. The insurance policies had an effective date of April 1, 2019, and therefore half of the expense should have been recorded as a prepaid expense for the Firefighters' Association and unearned revenue for Insurance Services. Insurance Services purchased corresponding policies from insurance carriers and should have recorded a prepaid expense for the premium applicable to the coverage periods occurring after September 30, 2019. These misstatements were corrected in the current year through prior period adjustments which increased beginning net assets for the Firefighters' Association and the Association by \$119,608 and reduced beginning retained earnings for Insurance Services by \$13,290.

NOTE L—COMMITMENTS

In the year ended September 30, 2019, the Association entered into an agreement with a convention center for the annual Fire-Rescue Conference to be held in June 2021. The remaining commitment was approximately \$26,000 at September 30, 2020.

NOTE M—COVID-19 PANDEMIC IMPACTS

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China and, in March 2020, classified the outbreak as a pandemic based on the rapid increase in exposure globally. The full impact of the pandemic continues to evolve as of the date of these financial statements. Management continues to actively monitor the impacts from the pandemic on its financial condition, liquidity, operations, workforce, and members.

As local and federal governments recommended or mandated restrictions on business, travel, and event attendance to curb the pandemic by changing consumer behavior, the Association's revenues and expenses were impacted. The Association's future revenues and expenses may also be impacted.

**SOUTH CAROLINA STATE FIREFIGHTERS' ASSOCIATION
COLUMBIA, SOUTH CAROLINA**

NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

NOTE N—SUBSEQUENT EVENTS

In October 2020, the Association purchased a vehicle for approximately \$28,000, and in November 2020 purchased another vehicle for approximately \$39,000.

In November 2020, the Association entered into a 3-year commitment with a hotel for annual Fire-Rescue Conference for the years 2022 through 2024. The commitment related to each annual conference is approximately \$26,000 (subject to certain cancellation terms). Additionally, the Association reserved a block of rooms and agreed to cover any shortfall in room revenue if a certain percentage of the room block was not used by conference attendees. Based upon the expected level of attendance at the conferences, the Association believes that its liabilities associated with the room block guarantee will not be significant.

In November 2020, the Association entered into a website development agreement for \$25,000.

Subsequent events have been evaluated through February 26, 2021, which is the date the financial statements were available to be issued.