

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

CONSOLIDATING FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

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

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YEAR ENDED SEPTEMBER 30, 2019

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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, 2019, 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, 2019, 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.

Greene Finney, LLP

Greene Finney, LLP
Mauldin, South Carolina
January 31, 2020

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2019

ASSETS	Firefighters' Association	Insurance Services	Eliminations	Consolidated
Current Assets:				
Cash and Cash Equivalents	\$ 874,598	111,616	-	\$ 986,214
Investments	50,423	-	-	50,423
Receivables	58,050	28,716	(21,268)	65,498
Prepaid Expenses	41,262	113,730	(46,250)	108,742
Total Current Assets	1,024,333	254,062	(67,518)	1,210,877
Noncurrent Assets:				
Intangible Assets, Net	336,806	-	-	336,806
Property and Equipment, Net	704,099	17,985	-	722,084
Investment in South Carolina Firefighters Insurance Services, LLC	113,544	-	(113,544)	-
Total Noncurrent Assets	1,154,449	17,985	(113,544)	1,058,890
TOTAL ASSETS	\$ 2,178,782	272,047	(181,062)	\$ 2,269,767
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 34,091	28,153	(21,268)	\$ 40,976
Accrued Salaries and Fringe Benefits	21,723	-	-	21,723
Unused Vacation/Sick Pay	35,445	-	-	35,445
Unearned Revenue	20,000	130,350	(46,250)	104,100
Total Current Liabilities	111,259	158,503	(67,518)	202,244
TOTAL LIABILITIES	111,259	158,503	(67,518)	202,244
NET ASSETS/RETAINED EARNINGS				
With Donor Restrictions	241,120	-	-	241,120
Without Donor Restrictions	1,826,403	-	-	1,826,403
Retained Earnings	-	113,544	(113,544)	-
TOTAL NET ASSETS/RETAINED EARNINGS	2,067,523	113,544	(113,544)	2,067,523
TOTAL LIABILITIES AND NET ASSETS/RETAINED EARNINGS	\$ 2,178,782	272,047	(181,062)	\$ 2,269,767

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, 2019

	Firefighters' Association	Insurance Services	Eliminations	Consolidated
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS/RETAINED EARNINGS:				
REVENUE AND OTHER SUPPORT				
Assessments from County Treasurers	\$ 820,270	-	-	\$ 820,270
Commissions	-	104,057	(15,425)	88,632
Conference Fees	184,700	-	(1,752)	182,948
Gain on Investment in Insurance Services	13,930	-	(13,930)	-
Insurance Services Reimbursements	181,831	-	(181,831)	-
Interest	425	40	-	465
Membership Dues	160,418	-	-	160,418
Member Insurance Premium	551,024	1,237,243	(619,742)	1,168,525
Miscellaneous	10,079	33,449	(20,000)	23,528
Rent	17,400	-	(17,400)	-
Sale of Literature, Videos, and T-Shirts	469,532	-	-	469,532
Training and Education	392,049	-	-	392,049
Investment Returns (Losses)	1,726	-	-	1,726
Satisfaction of Purpose Restrictions	567,574	-	-	567,574
Total Revenues Without Donor Restrictions and Other Support	3,370,958	1,374,789	(870,080)	3,875,667
EXPENSES				
Program	2,826,903	-	(761,367)	2,065,536
Management and General	408,431	-	(70,831)	337,600
Insurance Premiums and Operating	-	1,355,965	(23,952)	1,332,013
Income Taxes	-	4,894	-	4,894
Total Expenses	3,235,334	1,360,859	(856,150)	3,740,043
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS/RETAINED EARNINGS	135,624	13,930	(13,930)	135,624
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:				
Contributions	1,617	-	-	1,617
Grants	598,610	-	-	598,610
Net Assets Released From Restrictions	(567,574)	-	-	(567,574)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	32,653	-	-	32,653
CHANGE IN NET ASSETS/RETAINED EARNINGS	168,277	13,930	(13,930)	168,277
NET ASSETS/RETAINED EARNINGS, Beginning of Year	1,899,246	99,614	(99,614)	1,899,246
NET ASSETS/RETAINED EARNINGS, End of Year	\$ 2,067,523	113,544	(113,544)	\$ 2,067,523

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, 2019

	Program	Management and General	Total
Advertising	\$ -	14,468	\$ 14,468
Amortization	133,333	-	133,333
Auto Expenses	18,250	4,563	22,813
Bank Charges	-	2,999	2,999
Computer/Web Master	93,071	23,268	116,339
Contract Labor	-	10,000	10,000
Convention - Books and Videos	377,189	-	377,189
Convention - Facility Rooms and Meals	552,567	-	552,567
Depreciation	-	77,676	77,676
Dues and Subscriptions	-	9,331	9,331
Equipment Lease	5,826	1,457	7,283
Executive Committee Work Sessions	-	17,405	17,405
Grants	156,225	-	156,225
Health and Life Insurance	52,102	13,025	65,127
Insurance	-	19,780	19,780
Janitorial	-	5,175	5,175
Meals and Entertainment	-	1,019	1,019
Member Insurance Pass Through	514,808	-	514,808
Memorial Maintenance	7,249	-	7,249
Miscellaneous	-	10,695	10,695
Office Supplies	9,531	2,383	11,914
1% Audits	36,537	-	36,537
Payroll Taxes	31,951	7,988	39,939
Printing	3,950	988	4,938
Professional Fees	43,982	10,995	54,977
PTSD Insurance Coverage for Members	105,000	-	105,000
Recruitment and Retention	101,405	-	101,405
Repairs and Maintenance	-	10,509	10,509
Retirement Contribution	52,545	13,136	65,681
Salaries and Wages	466,683	116,671	583,354
Supplies	666	167	833
Taxes and Licenses	-	2,753	2,753
Telephone	21,603	5,401	27,004
Travel	37,234	9,308	46,542
Utilities and Security	-	15,972	15,972
Vacation and Sick Pay	5,196	1,299	6,495
	<u>\$ 2,826,903</u>	<u>408,431</u>	<u>\$ 3,235,334</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, 2019

	Firefighters' Association	Insurance Services	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets/Retained Earnings	\$ 168,277	13,930	(13,930)	\$ 168,277
Adjustments to Reconcile Change in Net Assets/Retained Earnings to Net Cash Provided by (Used in) Operating Activities:				
Amortization Expense	133,333	-	-	133,333
Depreciation Expense	77,676	3,597	-	81,273
Investment Gains	(556)	-	-	(556)
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	109,575	(28,716)	21,268	102,127
(Increase) Decrease in Prepaid Expenses	(17,512)	(56,884)	46,250	(28,146)
(Increase) Decrease in Investment in SC Firefighters Insurance Services,	(13,930)	-	13,930	-
Increase (Decrease) in Accounts Payable	(49,463)	14,169	(21,268)	(56,562)
Increase in Accrued Salaries and Fringe Benefits	2,389	-	-	2,389
Increase in Unused Vacation/Sick Pay	6,495	-	-	6,495
Increase in Unearned Revenue	19,100	51,094	(46,250)	23,944
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	435,384	(2,810)	-	432,574
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of Intangible Assets	(300,000)	-	-	(300,000)
Acquisition of Property and Equipment	(34,412)	(21,582)	-	(55,994)
Proceeds from Sale and Maturity of Investments	15,000	-	-	15,000
Acquisition of Investments	(14,885)	-	-	(14,885)
NET CASH USED IN INVESTING ACTIVITIES	(334,297)	(21,582)	-	(355,879)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	101,087	(24,392)	-	76,695
CASH AND CASH EQUIVALENTS, Beginning of Year	773,511	136,008	-	909,519
CASH AND CASH EQUIVALENTS, End of Year	\$ 874,598	111,616	-	\$ 986,214

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, 2019

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, public education on fire safety and support of the South Carolina Fire Academy. 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 \$20,000 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, 2019 for the Firefighters' Association consisted of \$26,250 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 \$15,012 for conferences to be held in the future. Prepaid expenses for Insurance Services consisted of \$93,730 in premiums on various insurance policies which will be expensed in the subsequent fiscal year and \$20,000 paid to sponsor a Firefighters' Association conference in the upcoming 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, 2019

**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, 2019, 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, 2019

**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.

Recent Accounting Pronouncements

Effective October 1, 2018, the Association adopted Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which revises the way that all not-for-profits present financial statements. Key measures of the ASU included:

1. The reduction of the three existing net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two net asset classes: net assets without donor restrictions and net assets with donor restrictions.
2. An analysis of expenses both by function and natural classification either in a separate statement or within the notes to the financial statements.
3. Enhancing the disclosures surrounding donor restrictions and Board designations and providing information on the non-for-profit's financial assets and their liquidity.
4. Presentation of investment expenses netted against investment return.
5. Removing the requirement to show a reconciliation of the direct method of cash flows with the indirect method of cash flows within the statement of cash flows.

The adoption of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the periods presented. Net assets previously reported unrestricted are now reported as net assets without donor restrictions. Likewise, net assets previously reported as temporarily restricted are now reported as net assets with donor restrictions. The Association did not have any permanently restricted net assets.

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

NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

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, 2019 consist of the following:

Cash and Cash Equivalents*	\$	633,478
Investments		50,423
Accounts Receivable		58,050
		<u>\$ 741,951</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, 2019, the Association's bank balances exceeded Federal Deposit Insurance Corporation ("FDIC") limits by \$646,031.

NOTE D—INVESTMENTS

The Association has investments in U.S. 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, 2019, 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, 2019.

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

NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

NOTE D—INVESTMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of September 30, 2019.

U.S. Treasury Notes	\$	15,120
Governmental Agency Securities:		
Federal Home Loan Mortgage		14,980
Corporate Bonds:		
Goldman Sachs		5,133
Exelon Generation		5,006
Ebay Inc.		5,046
PSEG Power LLC		5,138
Total	\$	<u>50,423</u>

NOTE E—RECEIVABLES

At September 30, 2019, receivables were comprised of the following:

Description	Firefighters' Association	Insurance Services
Due From Insurance Services	\$ 20,468	\$ -
Assessments	33,508	-
Insurance Premiums	-	4,794
Income Tax Refund	-	23,122
Due from Firefighters' Association	-	800
Other	4,074	-
	<u>\$ 58,050</u>	<u>\$ 28,716</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, 2019 intangible assets were comprised of the following:

	Useful Life	Firefighters' Association
Recruitment Videos and Marketing Materials	3 years	\$ 475,000
Less Accumulated Amortization		(138,194)
		<u>\$ 336,806</u>

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

NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

NOTE F—INTANGIBLE ASSETS (CONTINUED)

Amortization expense for the year ended September 30, 2019 was \$133,333 for the Firefighters' Association. Estimated future amortization expense related to intangible assets is as follows:

<u>Years Ending September 30,</u>	<u>Amortization Expense</u>
2020	\$ 158,333
2021	153,472
2022	25,000
	<u>\$ 336,806</u>

NOTE G—PROPERTY AND EQUIPMENT

Property and equipment was comprised of the following at September 30, 2019:

	<u>Useful Life</u>	<u>Firefighters' Association</u>	<u>Insurance Services</u>
Land	N/A	\$ 46,853	\$ -
Software	5 years	118,972	-
Building and Improvements	15 - 39 years	715,841	-
Vehicles	5 years	262,867	21,582
Furniture and Equipment	5 - 15 years	116,441	16,754
		<u>1,260,974</u>	<u>38,336</u>
Less Accumulated Depreciation		<u>(556,875)</u>	<u>(20,351)</u>
		<u>\$ 704,099</u>	<u>\$ 17,985</u>

Depreciation expense for the year ended September 30, 2019 was \$77,676 for the Firefighters' Association and \$3,597 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, 2019, net assets with donor restrictions were available for the following purposes:

	<u>Firefighters' Association</u>
Firefighter Memorial Maintenance	\$ 31,951
First Responder PTSD Treatment	209,169
	<u>\$ 241,120</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, 2019, net assets released from restrictions were \$567,574.

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

NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

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, 2019 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 \$63,931 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.

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 55 percent funded with plan assets of approximately \$27,238,916,000 compared to a pension liability of approximately \$50,073,060,000. 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 received grants from the U.S. Department of Homeland Security under the Federal Emergency Management Agency ("FEMA"). These grants are subject to program compliance audits by the grantors or their representatives. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Association expects such amount, if any, to be immaterial.

NOTE K—CONCENTRATIONS IN REVENUE

In the year ended September 30, 2019, the Association received approximately 10% of its revenues from a grant from FEMA for the recruitment and retention of firefighters. The performance period of this grant expired January 31, 2019.

NOTE L—COMMITMENTS

In the year ended September 30, 2019, the Association entered into agreements with a convention center for the annual Fire-Rescue conference to be held in June 2020 and June 2021. The maximum remaining commitment was approximately \$53,000 at September 30 2019.

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

NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

NOTE M—SUBSEQUENT EVENTS

In December 2019, the Association purchased a vehicle for approximately \$31,000.

Subsequent events have been evaluated through January 31, 2020, which is the date the financial statements were available to be issued.