

Iowa State Police Association

Financial Statements

August 31, 2024

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Independent Auditor's Report

The Board of Directors of
Iowa State Police Association

Opinion

We have audited the accompanying financial statements of the Iowa State Police Association (a nonprofit organization), which comprise the statement of financial position as of August 31, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Iowa State Police Association as of August 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Iowa State Police Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Iowa State Police Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Iowa State Police Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Iowa State Police Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Welgaard CPAs & Advisors

Urbandale, Iowa
September 27, 2024

**Iowa State Police Association
Statement of Financial Position
August 31, 2024**

Assets

Cash in checking and savings	\$ 62,305
Certificates of deposit	180,315
Investments	1,747,331
Prepaid expense	<u>22,067</u>
Total assets	<u><u>\$ 2,012,018</u></u>

Liabilities and Net Assets

Accrued payroll taxes	<u>\$ 114</u>
Total liabilities	114
Net assets without donor restrictions	1,962,950
Board designated net assets	<u>17,769</u>
Total net assets without donor restrictions	1,980,719
Net assets with donor restrictions	<u>31,185</u>
Total net assets	<u><u>2,011,904</u></u>
Total liabilities and net assets	<u><u>\$ 2,012,018</u></u>

See accompanying notes to financial statements.

Iowa State Police Association
Statement of Activities
For the Year Ended August 31, 2024

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues:			
Membership dues	\$ 116,396	\$ -	\$ 116,396
Conference income	17,855	-	17,855
Royalties	1,441	-	1,441
Contributions of cash	7,907	10,221	18,128
Noncash contributions	2,500	-	2,500
Raffle income	4,052	-	4,052
Miscellaneous income	670	-	670
Investment income	251,175	-	251,175
	<u>401,996</u>	<u>10,221</u>	<u>412,217</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	15,617	(15,617)	-
Total revenues	<u>417,613</u>	<u>(5,396)</u>	<u>412,217</u>
Expenses:			
Death benefits	42,000	-	42,000
Conference	37,346	-	37,346
NAPO dues	14,243	-	14,243
Donations	18,122	-	18,122
Professional fees	7,800	-	7,800
Telephone	563	-	563
Office and computer	2,263	-	2,263
Website	1,426	-	1,426
Postage	128	-	128
Legislative contract	52,969	-	52,969
Staff salary and payroll taxes	25,878	-	25,878
Board members - legislative	14,962	-	14,962
Board members - travel and meals	23,116	-	23,116
Total expenses	<u>240,816</u>	<u>-</u>	<u>240,816</u>
Change in net assets	176,797	(5,396)	171,401
Net assets, beginning of year	<u>1,803,922</u>	<u>36,581</u>	<u>1,840,503</u>
Net assets, end of year	<u>\$ 1,980,719</u>	<u>\$ 31,185</u>	<u>\$ 2,011,904</u>

See accompanying notes to financial statements.

**Iowa State Police Association
Statement of Functional Expenses
For the Year Ended August 31, 2024**

	<u>Support Services</u>		<u>Total</u>
	<u>Program Services</u>	<u>Management/ General</u>	
Expenses:			
Death benefits	\$ 42,000	\$ -	\$ 42,000
Conference	37,346	-	37,346
NAPO dues	14,243	-	14,243
Donations	18,122	-	18,122
Professional fees	5,460	2,340	7,800
Telephone	394	169	563
Office and computer	1,584	679	2,263
Website	998	428	1,426
Postage	90	38	128
Legislative contract	52,969	-	52,969
Staff salary and payroll taxes	18,115	7,763	25,878
Board members - legislative	10,473	4,489	14,962
Board members - travel and meals	16,181	6,935	23,116
 Total expenses	 <u>\$ 217,975</u>	 <u>\$ 22,841</u>	 <u>\$ 240,816</u>

See accompanying notes to financial statements.

**Iowa State Police Association
Statement of Cash Flows
For the Year Ended August 31, 2024**

Cash flows from operating activities	
Membership dues	\$ 116,396
Conference registrations and royalties	19,296
Contributions of cash	18,128
Raffle and miscellaneous income	4,722
Cash paid for expenses	(239,862)
Investment income received	13,742
Net cash used by operating activities	<u>(67,578)</u>
Cash flows from investing activities	
Proceeds from sale of investments	339,586
Purchases of investments	<u>(243,411)</u>
Net cash used by investing activities	<u>96,175</u>
Increase in cash and cash equivalents	28,597
Cash and cash equivalents at beginning of year	<u>33,708</u>
Cash and cash equivalents at end of year	<u>\$ 62,305</u>

Reconciliation of change in net assets to net cash used by operating activities:

Change in net assets	\$ 171,401
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	-
Decrease in accrued payroll taxes	(24)
Increase in prepaid expenses	(1,522)
Reinvested earnings	(69,030)
Unrealized gain	(83,315)
Realized gain	(85,088)
Net cash used by operating activities	<u>\$ (67,578)</u>

See accompanying notes to financial statements.

Iowa State Police Association

Notes to Financial Statements August 31, 2024

Note 1 - Summary of Significant Accounting Policies

Nature of activities

The Association is a nonprofit membership corporation organized under the laws of the state of Iowa for the purpose of promoting and advancing the general welfare of law enforcement. Revenue is derived primarily from membership dues and conference registrations. Membership services include monitoring and legislative concerns, sponsorship of an annual conference to update the membership and providing death benefits to members.

Accounting method

The Association's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles.

Basis of presentation

Financial statement presentation follows the accounting principles generally accepted in the United States. Under generally accepted accounting principles, the Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the two net asset categories are as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions that are currently available for use in the Association's operations under the direction of the board.

Net assets with donor restrictions – Net assets whose use by the Association is subject to donor-imposed restrictions that can be fulfilled by actions of the Association pursuant to those restrictions or that expire by the passage of time.

Membership dues

The primary benefits provided in exchange for the membership dues are completed by the fiscal year end of the Association and therefore membership dues are considered earned during the fiscal year and no deferred revenue is required.

Cash and cash equivalents

The Association considers all checking and savings accounts and certificates of deposit with an original maturity of three months or less to be cash equivalents. There were deposits in a bank that were in excess of FDIC limits during the year ended August 31, 2024.

Concentration of support

The Association's membership consists primarily of individuals who are closely related to law enforcement in the State of Iowa, therefore the related dues and conference revenue are substantially derived from this segment of the state economy.

Functional expenses

Expenses are charged to each program or supporting function based on direct expenditures incurred. Any expenditures not directly chargeable are allocated based on estimates of time and effort or estimated benefit by function. Most expenses which are not directly attributable to a program or supporting function are allocated 70% to program expenses and 30% to support services.

Iowa State Police Association

Notes to Financial Statements August 31, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

Income taxes

The Association is a not-for-profit organization that is exempt for federal and state income tax under the provisions of Section 501(c)(5) of the Internal Revenue Code and the provisions of the Code of the State of Iowa. The Association files the required information return for exempt organizations with the Internal Revenue Service.

The Association annually considers the positions reflected on its exempt information return with IRS Code, rules and regulations and evaluates the potential for unrelated business income that may be subject to income tax or for activities which may jeopardize its exempt status.

The Association has evaluated its tax positions for the years 2021-2023, those open to examination, and has determined that there are no significant uncertainties regarding tax positions taken. If the Association had determined a liability was necessary, any related potential tax, penalties and interest would be charged to operations. There were no income taxes paid for the year ended August 31, 2024.

Donated services

Donated services are recognized for those services that create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation. The Association receives a significant amount of donated services from unpaid volunteers who assist with the annual conference and the administration functions of the Association. No amounts have been recognized in the statement of activities for those volunteer services because the criteria for recognition under generally accepted accounting principles have not been satisfied.

Noncash contributions

The Organization's policy related to noncash contributions is to consider the donor's intent for use of the asset. If noncash contributions are given for the purpose of raising funds such as with a raffle or auction, then the gift is used for that purpose. If the donor intent is for the organization to utilize the assets given to carry out the mission of the Organization, the assets or used in operations. If an asset is provided that is not for a fundraising event or does not allow for the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results may vary from the estimates that were used.

Risks and uncertainties

The Association invests in various investment securities. The Association is exposed to various risks associated with investments such as interest rate, market risk and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could be material to the net assets of the Association.

Iowa State Police Association

Notes to Financial Statements
August 31, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

Property and equipment

Property and equipment are stated at cost if purchased or at estimated fair market value on the date received if donated. Items with an original cost or donation value of \$1,000 or less are expensed and not capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of assets ranging from five to ten years. Expenditures for improvements and replacements are capitalized and expenditures for maintenance and repairs are charged to operations as incurred. Upon retirement or disposal, the asset cost and related accumulated depreciation are removed from the respective accounts with a gain or loss included in income. The Association owned no property or equipment as of August 31, 2024.

Death benefits

Each member qualifies for a death benefit to assist with the cost of their funeral expenses. No specific investments have been designated by the Board nor has any insurance been purchased to fund the future costs of the death benefits.

Investment securities and fair value measurements

Investments are reported at their fair values in the statement of financial position. In accordance with generally accepted accounting principles, the organization has categorized its financial instruments based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as follows:

Level 1

Valuation is based upon quoted prices for identical instruments traded in active markets that the Association has the ability to access as of the measurement date.

Level 2

Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable, or can be corroborated by, observable market data.

Level 3

Valuation is based upon significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument.

There were no transfers between categories and no changes in valuation methods during the year.

Note 2 - Liquidity and Availability of Financial Assets

The Association has \$1,958,766 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash and certificates of deposit totaling \$211,435 and investments of \$1,747,331.

Iowa State Police Association

Notes to Financial Statements
August 31, 2024

Note 2 - Liquidity and Availability of Financial Assets (continued)

Financial assets at August 31, 2024	\$ 1,989,951
Donor imposed restrictions	(31,185)
Available for general expenses	<u>\$ 1,958,766</u>

The Association's policy is to retain cash in checking accounts in amounts sufficient to pay expenses as they become due. Cash in excess of immediate needs are invested in certificates of deposit or publicly traded securities which can be accessed as needed.

Note 3 - Investments and Fair Value of Financial Instruments

Annuities are reported at surrender value and are paid out over the time period as described in the annuity agreement. Both remaining annuities were redeemed during the year ended August 31, 2024, leaving a balance of \$0 at August 31, 2024.

Investment income for the year ended August 31, 2024 was \$251,175. It consists of \$74,403 of dividends, \$8,369 of interest income, \$85,088 of realized gains and \$83,315 of unrealized gains.

Schedule of Investments at Year End:

Russell Funds	\$ 109,746
Healthpeak Properties, Inc.	41,775
Cambridge Investment Research, Inc.	885,774
MFS	
Bond Fund	42,085
Core Equity Fund	37,535
Growth Fund	36,962
High Income Fund	41,652
International New Disc	26,628
Mass Investors Growth	35,076
Mass Investors Trust	32,545
New Discovery Fund	18,969
New Discovery Value Fund	31,921
Research International Fund	32,664
Utilities Fund	31,241
Value Fund	35,888
Total Return Fund	306,870
	<u>\$ 1,747,331</u>

In accordance with generally accepted accounting principles, the Association has categorized its financial instruments based on the priority of the inputs to the valuation technique, into a three-level hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall into different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument. For the year ended August 31, 2024 the Association had financial instruments in the following levels:

Level 1	\$1,747,331
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Iowa State Police Association

Notes to Financial Statements
August 31, 2024

Note 4 - Net Assets without Donor Restrictions – Board Designated

Net assets without donor restrictions with board designations are available for the following at August 31, 2024:

Officer Assistance Program	\$ 17,119
Purple Heart Award	650
	<u>\$ 17,769</u>

Note 5 - Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following at August 31, 2024:

Officer Assistance Program	\$ 21,325
Purple Heart Award	9,860
	<u>\$ 31,185</u>

Net assets were released for the following purposes during the year ended August 31, 2024:

Officer Assistance Program	\$ 15,147
Purple Heart Award	470
	<u>\$ 15,617</u>

The composition of net assets with donor restrictions at August 31, 2024 was \$31,185 of cash and certificates of deposit.

Note 6 – Noncash Contributions

The association received a noncash contribution during the year ended August 31, 2024 of a gun safe valued at \$2,500 to be used in a raffle at a conference in October 2024. This contribution is presented as noncash contributions and is included in the prepaid expense account balance.

Note 7 - Subsequent Events

Subsequent events were evaluated through September 27, 2024, which is also the date the financial statements were available to be issued.