

**INTERNATIONAL ASSOCIATION OF FIREFIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION**

Year Ended September 30, 2015

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
International Association of Fire Fighters and its Subsidiary and Affiliates
Washington, DC

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of International Association of Fire Fighters (a nonprofit organization) and its subsidiary and affiliates (the Association), which comprise the consolidated statement of financial position as of September 30, 2015, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Association as of September 30, 2015, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position, consolidating statement of activities, and consolidating schedule of expenses by entity are presented for the purpose of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2016, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Renner and Company, CPA, P.C.

Alexandria, Virginia
January 22, 2016

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
September 30, 2015**

	ASSETS						LIABILITIES AND NET ASSETS				
	Unrestricted		Temporarily	Permanently	Total		Unrestricted		Temporarily	Permanently	Total
	Unrestricted	Pension	Restricted	Restricted			Unrestricted	Pension	Restricted	Restricted	
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	\$ 7,259,453	\$ -	\$ 5,613,920	\$ -	\$ 12,873,373	Accounts payable	\$ 2,477,771	\$ -	\$ -	\$ -	\$ 2,477,771
Investments	12,956,386	-	-	-	12,956,386	Accrued expenses					
Accounts receivable, net of allowance	2,717,651	-	-	-	2,717,651	Salaries and benefits	384,310	-	-	-	384,310
Grants receivable	1,620,584	-	-	-	1,620,584	Leave and severance	3,606,801	-	-	-	3,606,801
Financial assistance loans, net of allowance	192,147	-	-	-	192,147	Accrued pension liability	-	3,631,754	-	-	3,631,754
Prepaid expenses	617,875	-	-	-	617,875	Deferred rent	254,606	-	-	-	254,606
Inventories	57,233	-	-	-	57,233	Deferred revenue	399,493	-	-	-	399,493
						Deferred tax liability	133,800	-	-	-	133,800
TOTAL CURRENT ASSETS	25,421,329	-	5,613,920	-	31,035,249	Capital lease obligation	104,148	-	-	-	104,148
PROPERTY, net	4,761,174	-	-	-	4,761,174	TOTAL CURRENT LIABILITIES	7,360,929	3,631,754	-	-	10,992,683
OTHER ASSETS						LONG-TERM LIABILITIES					
Financial assistance loans, net	474,950	-	-	-	474,950	Accrued pension liability, net of current	-	43,191,863	-	-	43,191,863
Other investments - United Unions, Inc.	2,088,645	-	-	-	2,088,645	Deferred rent, net of current	684,029	-	-	-	684,029
Collections - Memorials	-	-	-	1,576,277	1,576,277	Capital lease obligation, net of current	113,406	-	-	-	113,406
Deferred compensation investments	3,127,056	-	-	-	3,127,056	Deferred compensation liability	3,118,824	-	-	-	3,118,824
Rabbi Trust assets	-	4,465,694	-	-	4,465,694	Rabbi Trust liability	-	4,465,694	-	-	4,465,694
Goodwill	150,000	-	-	-	150,000	TOTAL LONG-TERM LIABILITIES	3,916,259	47,657,557	-	-	51,573,816
TOTAL OTHER ASSETS	5,840,651	4,465,694	-	1,576,277	11,882,622	TOTAL LIABILITIES	11,277,188	51,289,311	-	-	62,566,499
						COMMITMENTS					
						NET ASSETS					
						Unrestricted	24,745,966	(46,823,617)	-	-	(22,077,651)
						Temporarily restricted	-	-	5,613,920	-	5,613,920
						Permanently restricted	-	-	-	1,576,277	1,576,277
						TOTAL NET ASSETS (DEFICIT)	24,745,966	(46,823,617)	5,613,920	1,576,277	(14,887,454)
TOTAL ASSETS	\$36,023,154	\$ 4,465,694	\$ 5,613,920	\$ 1,576,277	\$47,679,045	TOTAL LIABILITIES AND NET ASSETS	\$36,023,154	\$ 4,465,694	\$ 5,613,920	\$ 1,576,277	\$47,679,045

See notes to Consolidated Financial Statements.

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended September 30, 2015**

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total
	Unrestricted	Pension			
SUPPORT AND REVENUE					
Per capita tax	\$ 36,716,619	\$ -	\$ 5,685,100	\$ 1,262,922	\$ 43,664,641
Conference and seminar registration fees	3,030,680	-	-	-	3,030,680
Contributions	1,567,745	-	1,715,191	-	3,282,936
Royalties	2,782,437	-	-	-	2,782,437
Grants	7,799,082	-	-	-	7,799,082
Reimbursed legal expenses	2,207	-	-	-	2,207
Initiation, reinstatement and charter fees	158,855	-	-	-	158,855
Proceeds from sales	40,101	-	-	-	40,101
Investment income	372,188	-	3,946	-	376,134
Foreign currency transaction loss	(42,488)	-	-	-	(42,488)
Other revenues	1,112,340	-	-	-	1,112,340
Net assets released from restrictions	7,432,703	-	(7,322,105)	(110,598)	-
TOTAL SUPPORT AND REVENUE	60,972,469	-	82,132	1,152,324	62,206,925
EXPENSES					
Program	41,859,743	3,943,536	-	-	45,803,279
Management and general	12,674,890	1,231,708	-	-	13,906,598
Fundraising	21,000	-	-	-	21,000
TOTAL EXPENSES	54,555,633	5,175,244	-	-	59,730,877
CHANGE IN NET ASSETS BEFORE CHANGE IN CUMULATIVE FOREIGN CURRENCY TRANSLATION AND INCOME TAXES	6,416,836	(5,175,244)	82,132	1,152,324	2,476,048
INCOME TAXES	(148,037)	-	-	-	(148,037)
CHANGE IN CUMULATIVE FOREIGN CURRENCY TRANSLATION	(864,936)	-	-	-	(864,936)
CHANGE IN NET ASSETS BEFORE INCREMENTAL EFFECT OF DEFINED BENEFIT PLAN	5,403,863	(5,175,244)	82,132	1,152,324	1,463,075
INCREMENTAL EFFECT ON NET ASSETS OF DEFINED BENEFIT PLAN	-	(15,835,456)	-	-	(15,835,456)
CHANGE IN NET ASSETS					
Unrestricted	5,403,863	(21,010,700)	-	-	(15,606,837)
Temporarily restricted	-	-	82,132	-	82,132
Permanently restricted	-	-	-	1,152,324	1,152,324
TOTAL CHANGE IN NET ASSETS	5,403,863	(21,010,700)	82,132	1,152,324	(14,372,381)
NET ASSETS, beginning of year	23,182,933	(29,653,747)	5,531,788	423,953	(515,073)
EQUITY TRANSFERS	(3,840,830)	3,840,830	-	-	-
NET ASSETS, end of year	\$ 24,745,966	\$ (46,823,617)	\$ 5,613,920	\$ 1,576,277	\$ (14,887,454)

See notes to Consolidated Financial Statements.

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended September 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from operations	
Support and revenue	\$ 61,373,865
Investment income	413,161
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Total cash received by operations 61,787,026

Cash used in operations	
Payments to program recipients, employees, and suppliers	58,070,872
Interest paid	28,022
Income taxes paid	148,037
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Total cash disbursed by operations 58,246,931

NET CASH PROVIDED BY OPERATING ACTIVITIES 3,540,095

CASH FLOWS FROM INVESTING ACTIVITIES

Financial assistance loans repayments received	273,235
New financial assistance loans made	(431,110)
Purchase of investments	(383,764)
Proceeds from redemption of investments	1,216,076
Purchase of property and leasehold improvements	(2,001,267)
Development of collections - Fallen Fire Fighter Memorial	(1,152,324)
Deferred compensation plan investment activity	(9,150)
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NET CASH USED BY INVESTING ACTIVITIES (2,488,304)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on capital leases	(118,825)
	<hr/>

NET INCREASE IN CASH 932,966

CASH AND CASH EQUIVALENTS, beginning of year 11,940,407

CASH AND CASH EQUIVALENTS, end of year \$ 12,873,373

NON-CASH INVESTING ACTIVITIES

Unrealized loss in market value of investments	\$ (37,027)
Decrease in investment value	37,027
	<hr/>

\$ -

See notes to Consolidated Financial Statements.

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended September 30, 2015**

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

CHANGE IN NET ASSETS	<u>\$ (14,372,381)</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Depreciation and amortization	531,103
Unrealized loss on investments	37,027
Foreign currency transaction loss	522
Loss on disposal of property	2,445
Non-cash occupancy costs	(186,144)
Incremental effect of defined benefit plan	<u>15,835,456</u>
NET ADJUSTMENTS	<u>16,220,409</u>
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS PROVIDING (USING) CASH	
ASSETS	
Accounts receivable	(440,183)
Grants receivable	142,260
Prepaid expense	958,419
Inventories	<u>21,416</u>
	<u>681,912</u>
LIABILITIES	
Accounts payable	(626,432)
Accrued expenses	410,936
Accrued pension liabilities	1,334,414
Deferred revenue	(159,525)
Deferred tax liability	<u>50,762</u>
	<u>1,010,155</u>
NET CHANGES IN ASSETS AND LIABILITIES	<u>1,692,067</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 3,540,095</u></u>

See notes to Consolidated Financial Statements.

INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS AND ITS SUBSIDIARY AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS Year Ended September 30, 2015

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The International Association of Fire Fighters (The Association) is a labor union whose primary mission is to represent its members in disputes and negotiations with the state and local governments for which the members are employed. Primary sources of revenue are per capita tax paid by members, grants and contributions.

The IAFF Financial Corporation is a wholly-owned subsidiary of the Association organized and incorporated as of December 10, 2001 under the laws of the State of Delaware. It is primarily engaged in working through service vendors to provide financial services, investment options, college finance programs, and insurance protection to professional fire fighters and government employees. It is located in Washington, DC.

The IAFF FIREPAC Educational-Treasury was organized as a Political Action Committee on April 30, 2001. The Committee was formed to raise the federal government's conscience level about fire fighter staffing, labor issues, safety, and equipment. Its contributions have helped prevent station closings, secure federal funding for fire fighting, and train members to become active in local government policies.

The International Association of Fire Fighters Foundation was organized on August 2, 2010. Its mission is to support Association members and their families in their time of need, promote fire and burn prevention, advocate for fire fighter health and safety and provide public education on how to prevent and recover from traumatic events.

E-18 Media, LLC is a wholly-owned subsidiary of the IAFF Financial Corporation and was incorporated on September 28, 2012. The Company's purpose is to produce educational and promotional videos and media in support of causes relevant to fire fighting and emergency response professionals.

Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Association, its wholly-owned subsidiary, and its affiliates. All material inter-entity accounts, transactions, and profits or losses are eliminated in consolidation.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting. Revenues are recognized in the period in which they are earned; expenses are recognized in the period in which they are incurred.

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended September 30, 2015**

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies (Continued)

Translation Costs

All amounts in the consolidated financial statements are stated in U.S. dollars. The Association has substantial activity denominated in Canadian dollars. Accordingly, all amounts denominated in Canadian dollars have been translated to U.S. dollars by applying the translation rate for assets and liabilities at September 30, 2015 of 74.56% and by applying the average translation rate for revenue and expenses for the year ended September 30, 2015 of 81.67%. Changes in the foreign currency translation rate subsequent to September 30, 2015 may materially affect unsettled foreign currency transactions as of that date. The Association does not reflect those effects in these financial statements.

Cash and Cash Equivalents

Cash consists of checking and money market accounts while cash equivalents consist of cash and highly liquid debt instruments with original maturities of three months or less, including money market funds held within credit unions. Cash and money market funds held in brokerage accounts are considered as investments.

Investments

Investments consist of cash and money market funds held in brokerage accounts, an open-ended mutual fund that invests primarily in construction loans, mortgages, or mortgage-backed securities, and equity securities held in mutual funds and exchange-traded products. These investments are carried at fair value. Fair values are based on quoted market prices in active markets. Changes in fair value are included in investment income.

The open-ended mutual fund and equity securities are exposed to various risks such as market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Accounts Receivable

Accounts receivable for the Association arise primarily from per capita tax due from local affiliates located in the U.S. and Canada, registrations and supply sales revenue that have been earned but not received as of September 30, 2015. Management reviews accounts receivable to determine collectability. An amount of \$132,115 has been estimated as an allowance for doubtful accounts as of September 30, 2015. This estimate is based on historical collectability of accounts receivable.

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended September 30, 2015**

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies (Continued)

Financial Assistance Loans

Financial assistance are unsecured loans to provide members and locals financial assistance in conjunction with job actions, disciplinary actions against union officers for union-related activities, employer's refusal to implement an arbitration award, and such other occurrences as may be considered bona fide emergencies by the Executive Board of the Association. The loans are noninterest-bearing with repayments made primarily over thirty-six to sixty (36 - 60) months. The Executive Board reviews loans to members and locals to determine collectability. As of September 30, 2015, \$4,895 was estimated as an allowance for doubtful accounts, based on historical analysis of loans not collected in previous years.

Other Investments

The investment in United Unions, Inc., of which the Association owns 13.433%, is accounted for under the cost method. As of September 30, 2015, this investment was valued at \$2,088,645.

Deferred Compensation Investments

Deferred compensation funds are invested in equity and debt securities which are carried at fair market value.

Inventories

Inventories consist of items held for sale to the Association's affiliates and are valued at the lower of cost or market value. Cost is determined using the first-in, first-out method. Cost of goods sold includes shipping and handling charges. Profits on sales of certain specialty inventory items are contributed to the Association's FIREPAC Education Fund unless otherwise specified by the local making the purchase.

Property and Depreciation

Property and equipment are recorded at cost. All of the Association's acquisitions with a cost greater than \$5,000 are capitalized at cost; similarly, all acquisitions made by the Association's subsidiary and affiliates with a cost greater than \$500 are capitalized at cost. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets or, where applicable, the terms of the leases, whichever are shorter. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation or amortization, and any gain or loss is reflected in income. Significant renewals and betterments are capitalized. Maintenance and repairs are expensed as incurred.

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended September 30, 2015**

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies (Continued)

Collections - Memorials

The IAFF Fallen Fire Fighter Memorial Fund within the IAFF Foundation capitalizes its collections. Acquisitions are capitalized at cost if purchased, or at appraised or fair value at date of acquisition if received by donations. All maintenance costs incurred in relation to these collections and in excess of \$1,000 are capitalized. Gains and losses on disposals of donated collections are recorded based on the presence or absence of donor restrictions placed on items at the date of donation.

Classes of Assets

To ensure the observance of limitations and restrictions placed on the use of resources available to the Association, the Association has divided its resources available for various purposes into classes established according to their nature and purpose. The net assets of the Association are classified as follows:

Unrestricted Net Assets include operating net assets which are available for the general operations of the Association, as well as Board designated net assets set aside for future use.

Temporarily Restricted Net Assets include net assets which are subject to donor-imposed restrictions for support of a particular program activity. The Association has established seven Political Action Committees for the purpose of contributing funds to state and federal candidates. The use of these funds is restricted to purposes described in Federal Election Commission regulations and various state statutes, and the Association has no immediate or future claims to these assets. Additionally, the IAFF Foundation receives donations designated for a specific purpose that are considered to be temporarily restricted until the general purpose of the restriction has been fulfilled.

Permanently Restricted Net Assets include net assets related to the collections owned by the Association. The corpus of the fund is to be maintained at the cost of these collections.

Revenue Recognition

The Association recognizes per capita tax as revenue during the period in which it accrues. Actual receipts in advance of the period to which they relate are reflected as deferred revenue. Interest and other revenue are recognized as accrued to the Association.

Grants and contracts are reported as revenue as allowable expenses are incurred. Funds received prior to being expended are reported as refundable advances and expenses incurred for which reimbursement has not been received are reported as receivables.

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended September 30, 2015**

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies (Continued)

Advertising costs

Advertising costs are expensed as they are incurred. Total advertising expense for the year ended September 30, 2015 was \$122,843.

Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(5) of the Internal Revenue Code. However, the Association is subject to tax on net income generated by activities considered to be unrelated business income. As of September 30, 2015, the Association has no accrued tax liability.

The IAFF Financial Corporation, a for profit subsidiary of the Association, and its wholly owned subsidiary, E-18 Media, LLC are subject to federal income and District of Columbia franchise taxes. Income taxes are provided on income regardless of when such taxes are payable. Current tax and deferred tax assets and liabilities are recorded in accordance with enacted tax laws and rates. The amounts of deferred tax assets and liabilities at the end of each period are determined using the tax rates expected to be in effect when taxes are actually paid or recovered. Future tax benefits are recognized to the extent that realization of such benefits is more likely than not. As of September 30, 2015, IAFF Financial Corporation and its subsidiary has a deferred tax liability of \$133,800. Income tax expense for the year ended September 30, 2015 was \$148,037.

The International Association of Fire Fighters Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a publicly-supported organization. However, it is subject to tax on income generated by unrelated business activities as provided for in the tax law. To date, this organization has not engaged in such activities.

The IAFF FIREPAC Educational Treasury is a section 527 exempt political organization under the Internal Revenue Code and is subject to excise tax based on investment income. The committee is subject to tax on income generated by unrelated business activities as outlined in the tax law. To date, the committee has not engaged in such activities.

The Association's and its subsidiary's and affiliates' Business Income Tax returns (Form 990 and Form 1120) for 2012, 2013, and 2014 are subject to examination by the Internal Revenue Service (IRS), generally for three years after they are filed.

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended September 30, 2015**

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of consolidated financial statements in conformity with U.S. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Government Contracts and Grants

The Association participates in federal grant programs which are subject to financial and compliance audits by the federal agencies or their representatives. As such, there is a possibility that questioned costs might result from such an audit in the future. Management estimates that there are no material unallowable costs.

Accounts Receivable and Financial Assistance Loans Receivable

Management's estimate of the collectability of receivables is based on their understanding of the facts and circumstances of each account.

Translation Costs

Management estimates that there is no material foreign currency translation rate change that could materially affect unsettled foreign currency transactions after year end based on understanding of exchange rate between U.S. dollars and Canadian dollars.

Expense Allocation

Expenses are charged directly to programs in general categories based on specific identification. Indirect expenses have been allocated to programs, general and administrative, and fundraising expenses based on level of effort.

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended September 30, 2015**

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at September 30, 2015 consisted of the following:

Checking - U.S.	\$ 5,830,012
Checking - Canada	4,605,207
Money market funds	2,437,031
Petty cash	1,123
	<u>1,123</u>
	<u>\$ 12,873,373</u>

The Association maintains its cash and cash equivalent balances at several different financial institutions in the United States and Canada. As of September 30, 2015, cash and cash equivalents not insured by FDIC or CDIC were \$8,489,996.

3. INVESTMENTS

Investments at September 30, 2015 consisted of the following:

Cash and money funds	\$ 23,704
AFL-CIO Housing Trust - United Unions reserve	1,277,661
AFL-CIO Housing Trust accounts - Other	10,200,269
Mutual funds - Capital Income Builder	797,557
Exchange-traded products	657,195
	<u>657,195</u>
	<u>\$ 12,956,386</u>

Investment income for the year ended September 30, 2015 consisted of the following:

Interest and dividends	\$ 413,161
Unrealized gains (losses)	(37,027)
	<u>(37,027)</u>
	<u>\$ 376,134</u>

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended September 30, 2015**

4. FAIR VALUE MEASUREMENTS

The Association records investments based on fair value on a recurring basis. Financial accounting and reporting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. The standards emphasize that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the standards established a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent from the reporting entity (observable inputs that are classified within level 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within level 3 of the hierarchy).

Level 1 inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, as well as inputs that are observable for the assets or liabilities (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Association's assessment of the significance of the particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the assets or liabilities.

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended September 30, 2015**

4. FAIR VALUE MEASUREMENTS (Continued)

The following summarizes investments, measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall, as of September 30, 2015:

	September 30, 2015			Fair Value
	Level 1	Level 2	Level 3	
Cash and money funds	\$ 23,704	\$ -	\$ -	\$ 23,704
AFL-CIO Housing Trust				
United Unions reserve	-	1,277,661	-	1,277,661
AFL-CIO Housing Trust				
Other	-	10,200,269	-	10,200,269
Mutual funds	797,557	-	-	797,557
Exchange-traded products	657,195	-	-	657,195
	<u>\$ 1,478,456</u>	<u>\$ 11,477,930</u>	<u>\$ -</u>	<u>\$ 12,956,386</u>

5. ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2015 consisted of the following:

Per capita tax - U.S.	\$ 1,083,734
Per capita tax - Canada	43,125
Royalty	670,012
Other	1,052,895
	<u>\$ 2,849,766</u>
Less: Provision for doubtful accounts	<u>(132,115)</u>
	<u>\$ 2,717,651</u>

6. PROPERTY AND EQUIPMENT

A summary of information related to property and depreciation for the year ended September 30, 2015 is as follows:

	Cost	Depreciation expense	Accumulated depreciation	Book value	Estimated useful life (years)
Furniture and equipment	\$ 1,582,042	\$ 214,172	\$ 899,996	\$ 682,046	5 - 10
Equipment under capital leases	700,452	123,445	506,385	194,067	4 - 5
Leasehold improvements	4,297,778	193,486	412,717	3,885,061	10
	<u>\$ 6,580,272</u>	<u>\$ 531,103</u>	<u>\$ 1,819,098</u>	<u>\$ 4,761,174</u>	

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended September 30, 2015**

7. COLLECTIONS - MEMORIALS

The IAFF Fallen Fire Fighter Memorial Fund within the IAFF Foundation has title to and maintains the IAFF Fallen Fire Fighter Memorial in Colorado Springs, Colorado. The memorial is comprised of granite walls-of-honor, bronze statues, a paved circular walkway and landscaping that serves as a lasting tribute to IAFF members who have given their lives in the line of duty. The memorial is held for public exhibition and are preserved by the IAFF Fallen Fire Fighter Memorial Fund. The cost of the components of the Memorial are as follows:

Memorial statues	\$ 313,355
Memorial walls-of-honor	1,262,922
	<u>\$ 1,576,277</u>

8. GOODWILL

In November 2013, E-18 Media, LLC purchased Sun Mountain Media, Inc for \$200,000 with the total fair market value of assets of \$50,000. The remaining amount of \$150,000 was recognized as goodwill. In accordance with the generally accepted accounting principles, the Association evaluates the goodwill on an annual basis for potential impairment. No impairment loss was recorded for the year ended September 30, 2015.

9. PENSION PLANS

The Association has pension plans covering substantially all employees. All current and future retirement contributions on behalf of principal officers are now made pursuant to an Officer's Non-Qualified Retirement Plan and Officers' Supplemental Benefits Plan (Rabbi Trust). The assets of the Rabbi Trust Fund are subject to the general creditors of the Association.

In addition to the non-qualified Rabbi Trust Fund, which is the plan for principal officers, the Association also maintains two qualified defined benefit plans, the Staff Representatives' Pension Plan and the Employees' Pension Plan. Plan benefits are based on years of service and employees' compensation. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

In accordance with accounting principles generally accepted in the United States of America, the Association recognizes the funding position of its plans (the difference between the fair value of plan assets and the projected benefit obligation) in the accompanying consolidated statement of financial position. The Association recognized a non-operating loss of \$15,835,456, which has been separately reported in the consolidated statements of activities as an increase in unrestricted net assets.

It is the Association's policy to invest pension plan assets in a diversified portfolio consisting of an array of stocks, debt securities, and money market funds through the use of commingled pools.

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended September 30, 2015**

9. PENSION PLANS (Continued)

The following is a summary of the defined benefit plans as of September 30, 2015 as provided by the Association's consulting actuary.

	Rabbi Trust	Staff Representatives	Employees	Total
Change in projected benefit obligation				
Projected benefit obligation, beginning of the year	\$ 7,478,359	\$ 65,274,235	\$ 34,617,271	\$ 107,369,865
Service cost	370,516	2,685,819	2,245,725	5,302,060
Interest cost	311,576	2,707,310	1,455,495	4,474,381
Benefits paid	(289,144)	(2,292,514)	(523,570)	(3,105,228)
Expenses paid	(6,637)	(368,447)	(153,425)	(528,509)
Actuarial (gain) loss	(120,243)	7,201,164	3,504,978	10,585,899
Projected benefit obligation, end of the year	<u>\$ 7,744,427</u>	<u>\$ 75,207,567</u>	<u>\$ 41,146,474</u>	<u>\$ 124,098,468</u>
Change in plan assets				
Fair value of plan assets, beginning of the year	\$ 4,212,742	\$ 53,043,571	\$ 20,459,805	\$ 77,716,118
Actual return on plan assets	148,433	(548,909)	(247,884)	(648,360)
Employer contributions	400,000	2,117,830	1,323,000	3,840,830
Benefits and expenses paid	(295,481)	(2,487,819)	(850,137)	(3,633,437)
Fair value of plan assets end of the year	<u>\$ 4,465,694</u>	<u>\$ 52,124,673</u>	<u>\$ 20,684,784</u>	<u>\$ 77,275,151</u>
Funded status - benefit obligation in excess of plan assets	<u>\$ 3,278,733</u>	<u>\$ 23,082,894</u>	<u>\$ 20,461,690</u>	<u>\$ 46,823,317</u>
Accumulated benefit obligation	<u>\$ 7,744,427</u>	<u>\$ 75,207,567</u>	<u>\$ 41,146,474</u>	<u>\$ 124,098,468</u>
Component of net periodic pension costs				
Service cost - benefits earned	\$ 370,516	\$ 2,685,819	\$ 2,245,725	\$ 5,302,060
Interest cost	311,576	2,707,310	1,455,495	4,474,381
Expected return on plan assets	(356,200)	(4,658,806)	(1,766,347)	(6,781,353)
Net amortization and deferral	116,068	1,616,403	447,685	2,180,156
Total net periodic pension cost	<u>\$ 441,960</u>	<u>\$ 2,350,726</u>	<u>\$ 2,382,558</u>	<u>\$ 5,175,244</u>

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended September 30, 2015**

9. PENSION PLANS (Continued)

	Rabbi Trust	Staff Representatives	Employees
Weighted-average assumptions			
Discount rate	4.25%	4.25%	4.25%
Average compensation increase	3.00%	3.00%	3.00%
Expected rate of return on plan assets	8.50%	8.50%	8.50%

The expected return on plan assets was determined by the Association together with its investment advisors. The rate is based primarily on expectations of future returns for the plan's investments, based on target asset allocations. Additionally, the historical returns on comparable equity and fixed income investments are considered in the estimate of the expected rate.

The Association's target allocation is as follows. These rates are estimated and are subject to change based upon future actions taken by the Board of Trustees.

	Rabbi Trust	Staff Representatives	Employees
Cash equivalents	0% - 5%	0% - 10%	0% - 10%
Selected equity pool	0%	45% - 55%	45% - 55%
Fixed income pool	95% - 100%	40% - 50%	40% - 50%

The table below presents the balances of pension assets measured at fair value on a recurring basis, as of September 30, 2015.

	Fair value			Total
	Level 1	Level 2	Level 3	
Plan Assets				
Cash equivalents	\$ 169,124	\$ -	\$ -	\$ 169,124
U.S. government securities	11,002,553	-	-	11,002,553
Municipal bonds	1,807,829	-	-	1,807,829
Common stocks	41,784,025	-	-	41,784,025
Corporate bonds	13,339,528	-	-	13,339,528
Pooled funds	4,074,115	-	-	4,074,115
AFL-CIO investment trust	-	4,275,904	-	4,275,904
Total plan assets measured at fair value	<u>\$ 72,177,174</u>	<u>\$ 4,275,904</u>	<u>\$ -</u>	<u>\$ 76,453,078</u>
Net receivables				822,073
				<u>\$ 77,275,151</u>

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended September 30, 2015**

9. PENSION PLANS (Continued)

The following is a schedule of benefits expected to be paid in each of the next five years, and in aggregate for the five fiscal years thereafter as of September 30, 2015. The expected benefit payments shown below are based on the same assumptions used to determine the Projected Benefit Obligation as of September 30, 2014, and includes benefits attributable to estimated future employee service.

	Rabbi Trust	Staff Representatives	Employees	Total
2016	\$ 289,145	\$ 2,736,505	\$ 606,104	\$ 3,631,754
2017	303,119	2,845,649	650,834	3,799,602
2018	317,513	2,905,116	752,579	3,975,208
2019	332,339	3,083,413	844,595	4,260,347
2020	347,610	3,266,446	926,687	4,540,743
2021 - 2025	1,983,633	19,067,171	6,320,606	27,371,410
	<u>\$ 3,573,359</u>	<u>\$ 33,904,300</u>	<u>\$ 10,101,405</u>	<u>\$ 47,579,064</u>

During the next fiscal year, the Association expects to collectively contribute approximately \$3,700,000 to the defined benefit pension plans.

The Association also has a deferred compensation plan, a 457(b) retirement plan, covering eligible employees who choose to participate. Contributions to the plan are amounts deferred from the participating employees' salary and are limited to the lesser of the applicable dollar amount as defined in Code Section 457(e)(15)(A) or 100% of the participants' includible compensation.

In addition to the defined benefit plans and deferred compensation plan, the Association also has an employee 401(k) plan that allows eligible employees to defer from their salaries an amount equal to a percentage of the contributing participants' compensation from 1 to 15 percent in increments of 1 percent. The Association matches up to 2% of qualified compensation for all employees who elect to defer.

Pension expenses related to the various pension plans for the year ended September 30, 2015 are as follows:

Defined benefit plans	
Officers- Rabbi Trust	\$ 441,960
Staff Representatives	2,350,726
Employees	2,382,558
	<u>\$ 5,175,244</u>
Other pension expense	
401(k) match and administrative costs	<u>\$ 248,084</u>

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended September 30, 2015**

10. INCOME TAXES

Included in the provision for income taxes as of September 30, 2015 is a deferred tax liability of \$133,800 pertaining to the IAFF Financial Corporation's 2014 tax filings. The Corporation's effective rate differs from its statutory rate due to state income taxes and non-deductible expenses. No valuation allowance has been provided against the Corporation's deferred tax assets as the Corporation believes further taxable income will be sufficient to realize the benefit.

The tax effects of the temporary differences between financial reporting basis and income tax basis of assets and liabilities at September 30, 2015 relate to the following:

Current deferred tax assets

Resulting from differences in timing of recognition of charitable contributions	\$ 28,752
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Current deferred tax liabilities

Resulting from differences in timing of recognition of depreciation expense	<u>(162,552)</u>
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Net deferred federal and state tax liabilities, before allowance	(133,800)
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Allowance for deferred tax assets	-
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Net deferred tax liability	<u><u>\$ (133,800)</u></u>
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The provision for income taxes consisted of the following as of September 30, 2015:

Deferred income tax liabilities, beginning of year	\$ 83,038
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Deferred income tax liabilities, end of year	<u>133,800</u>
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Increase in deferred tax liabilities	50,762
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Current year tax expense	
Federal	66,626

District of Columbia	<u>30,649</u>
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Total provision for income taxes	<u><u>\$ 148,037</u></u>
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**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended September 30, 2015**

11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available as of September 30, 2015 for the following purposes:

	Balance at September 30, 2014	Revenue and Support	Released	Balance at September 30, 2015
IAFF PAC	\$ 5,131,938	\$ 7,267,313	\$ (7,173,415)	\$ 5,225,836
Burn Fund - Research	30,000	-	-	30,000
Burn Fund - Burn Camp	-	11,350	(11,350)	-
Burn Fund - General	-	81,186	(43,239)	37,947
John P. Redmond Fund	2,272	281	-	2,553
Fallen Memorial Fund	-	28,944	12,136	41,080
Disaster Relief Fund	-	6,237	(6,237)	-
McClellan Scholarship Fund	327,183	7,293	(100,000)	234,476
Foundation - Susan G. Komen Program Fund	40,395	1,633	-	42,028
	<u>\$ 5,531,788</u>	<u>\$ 7,404,237</u>	<u>\$ (7,322,105)</u>	<u>\$ 5,613,920</u>

12. DONATED PROPERTY

The City of Colorado Springs granted to the IAFF Fallen Fire Fighter Memorial Fund within the IAFF Foundation a park license for its use of city land on which the memorials stand. Should the Foundation ever misuse or abandon the land, it would be responsible for the costs incurred to restore the land to its original state. The term of this license ends August 30, 2028. At that date, the license may be renewed for an additional twenty-five years. The value of this donated property has not been reflected in the financial statements.

13. COMMITMENTS AND CONTINGENCIES

Office Lease - Related Party

The Association leases office space in Washington, D.C. The Association is a partial owner of the leased building as described in Note 1. The lease, which expires in 2018, provides for annual escalations in base rental payments. Rent expense is recognized on a straight-line basis over the term of the lease. Total rent expense for the year ended September 30, 2015 was \$2,311,174.

At September 30, 2015, future minimum lease payments under this operating lease are as follows:

2016	\$ 2,350,538
2017	2,421,054
2018	2,280,178
	<u>\$ 7,051,770</u>

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended September 30, 2015**

13. COMMITMENTS AND CONTINGENCIES (Continued)

Office Lease - Related Party (Continued)

As a partial owner of the leased office space, if the landlord (United Unions, Inc.) receives rents that are insufficient to meet the debt service requirements and other obligations on the building, the Association will pay its pro-rata share (13.433%) of the amount necessary to meet such debt service requirements and other obligations. These additional payments will be recognized as additional investment capital contributions.

Capital Leases

The Association has entered into lease agreements for office equipment that are classified as capital leases. The assets and liabilities under these capital leases were recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are depreciated over their related lease term.

Payments under the capital leases are due as follows:

	Total Payment	Interest Portion	Net
2016	\$ 123,149	\$ 19,001	\$ 104,148
2017	75,857	10,697	65,160
2018	50,572	2,326	48,246
	<u>\$ 249,578</u>	<u>\$ 32,024</u>	<u>\$ 217,554</u>

Interest paid during the fiscal year ended September 30, 2015 under these capital leases was \$27,971.

Government Contracts and Grants

The Association participated in federal grant programs, which are subject to financial and compliance audits by federal agencies or their representatives. Management does not anticipate any significant adjustments as a result of such an audit.

Letter of Credit

The Association has an open letter of credit in the amount of \$5,303,000 to secure pension costs in Canada. As of September 30, 2015, no amount has been drawn and no interest has been incurred on the letter of credit.

Future Meeting Sites

The Association has entered into agreements with hotels for future conventions and meetings. In the event of the cancellation of these agreements on September 30, 2015, the maximum cancellation penalty would be \$6,063,066. Subsequent to year end, the Association had satisfied the terms of several of these contracts in the amount of \$1,492,286.

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended September 30, 2015**

14. CONDITIONAL GRANT

The Association has been awarded federal grants which are conditioned upon the Association's progression on various programs. The remaining amount to be received for these promises at September 30, 2015 was \$7,788,445.

15. SIGNIFICANT SOURCES OF REVENUE

A significant portion of the Association's support and revenue was provided by per capita tax. For the year ended September 30, 2015, gross revenue from per capita tax was \$43,664,641, which approximates 70% of the consolidated gross support and revenue.

16. SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through January 22, 2016, the date the financial statements were available to be issued.

Future Meeting Sites

As mentioned in Note 13, the Association entered into agreements with hotels for future conventions and meetings. Subsequent to the fiscal year end, the Association held several of these meetings and satisfied the terms of the cancellation penalties in the amount of \$1,492,286.

SUPPLEMENTARY INFORMATION

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2015**

ASSETS

	International Association of Fire Fighters Foundation								Total	Eliminating Entries	Consolidated Balance
	IAFF	IAFF Financial Corporation	International Association of Fire Fighters Foundation	International Association of Fire Fighters Burn Foundation	John P. Redmond Memorial Foundation	International Association of Fire Fighters Disaster Relief Fund	IAFF Fallen Fire Fighter Memorial Fund, Inc.	W.H. "Howie" McClellan Scholarship Fund			
CURRENT ASSETS											
Cash and cash equivalents	\$ 10,770,648	\$ 1,243,718	\$ 859,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,873,373	\$ -	\$ 12,873,373
Investments	12,336,485	-	-	-	102,003	-	-	517,898	12,956,386	-	12,956,386
Accounts receivable, net of allowance	2,177,639	540,012	-	-	-	-	-	-	2,717,651	-	2,717,651
Grants receivable	1,437,107	-	5,090	178,387	-	-	-	-	1,620,584	-	1,620,584
Financial assistance loans, net of allowance	192,147	-	-	-	-	-	-	-	192,147	-	192,147
Prepaid expenses	568,763	49,112	-	-	-	-	-	-	617,875	-	617,875
Inventories	57,233	-	-	-	-	-	-	-	57,233	-	57,233
Intercompany receivables	1,717,125	71,130	-	-	-	-	-	-	1,788,255	(1,788,255)	-
TOTAL CURRENT ASSETS	29,257,147	1,903,972	864,097	178,387	102,003	-	-	517,898	32,823,504	(1,788,255)	31,035,249
PROPERTY, net	2,285,978	428,381	1,790	-	-	-	2,045,025	-	4,761,174	-	4,761,174
OTHER ASSETS											
Financial assistance loans, net of current	474,950	-	-	-	-	-	-	-	474,950	-	474,950
Other investments											
IAFF Financial Corporation	89,368	-	-	-	-	-	-	-	89,368	(89,368)	-
United Unions, Inc.	2,088,645	-	-	-	-	-	-	-	2,088,645	-	2,088,645
Collections - Memorials	-	-	-	-	-	-	1,576,277	-	1,576,277	-	1,576,277
Deferred compensation investments	3,127,056	-	-	-	-	-	-	-	3,127,056	-	3,127,056
Rabbi Trust assets	4,465,694	-	-	-	-	-	-	-	4,465,694	-	4,465,694
Goodwill	-	150,000	-	-	-	-	-	-	150,000	-	150,000
TOTAL OTHER ASSETS	10,245,713	150,000	-	-	-	-	1,576,277	-	11,971,990	(89,368)	11,882,622
TOTAL ASSETS	\$ 41,788,838	\$ 2,482,353	\$ 865,887	\$ 178,387	\$ 102,003	\$ -	\$ 3,621,302	\$ 517,898	\$ 49,556,668	\$ (1,877,623)	\$ 47,679,045

See Independent Auditors' Report.

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2015**

LIABILITIES AND NET ASSETS

	International Association of Fire Fighters Foundation								Eliminating Entries	Consolidated Balance	
	IAFF	IAFF Financial Corporation	International Association of Fire Fighters Foundation	International Association of Fire Fighters Burn Foundation	John P. Redmond Memorial Foundation	International Association of Fire Fighters Disaster Relief Fund	IAFF Fallen Fire Fighter Memorial Fund	W.H. "Howie" McClennan Scholarship Fund			Total
CURRENT LIABILITIES											
Accounts payable	\$ 2,217,698	\$ 74,590	\$ 127,507	\$ -	\$ -	\$ 57,976	\$ -	\$ -	\$ 2,477,771	\$ -	\$ 2,477,771
Accrued expenses											
Salaries and benefits	382,736	1,574	-	-	-	-	-	-	384,310	-	384,310
Leave and severance	3,459,644	147,157	-	-	-	-	-	-	3,606,801	-	3,606,801
Accrued pension liability	3,631,754	-	-	-	-	-	-	-	3,631,754	-	3,631,754
Deferred rent	254,606	-	-	-	-	-	-	-	254,606	-	254,606
Deferred revenue	387,493	12,000	-	-	-	-	-	-	399,493	-	399,493
Deferred tax liability	-	133,800	-	-	-	-	-	-	133,800	-	133,800
Capital lease obligation	104,148	-	-	-	-	-	-	-	104,148	-	104,148
Intercompany payables	43,711	88,670	(406,909)	205,054	(21,864)	(818,073)	2,851,110	(153,444)	1,788,255	(1,788,255)	-
TOTAL CURRENT LIABILITIES	10,481,790	457,791	(279,402)	205,054	(21,864)	(760,097)	2,851,110	(153,444)	12,780,938	(1,788,255)	10,992,683
LONG-TERM LIABILITIES											
Accrued pension liability, net of current	43,191,863	-	-	-	-	-	-	-	43,191,863	-	43,191,863
Deferred rent, net of current	684,029	-	-	-	-	-	-	-	684,029	-	684,029
Capital lease obligation, net of current	113,406	-	-	-	-	-	-	-	113,406	-	113,406
Deferred compensation liability	3,118,824	-	-	-	-	-	-	-	3,118,824	-	3,118,824
Rabbi Trust liability	4,465,694	-	-	-	-	-	-	-	4,465,694	-	4,465,694
TOTAL LONG-TERM LIABILITIES	51,573,816	-	-	-	-	-	-	-	51,573,816	-	51,573,816
TOTAL LIABILITIES	62,055,606	457,791	(279,402)	205,054	(21,864)	(760,097)	2,851,110	(153,444)	64,354,754	(1,788,255)	62,566,499
EQUITY											
Common stock	-	5	-	-	-	-	-	-	5	(5)	-
Paid-in capital	-	89,363	-	-	-	-	-	-	89,363	(89,363)	-
TOTAL EQUITY	-	89,368	-	-	-	-	-	-	89,368	(89,368)	-
NET ASSETS											
Unrestricted	(25,492,604)	1,935,194	1,103,261	(94,614)	121,314	760,097	(847,165)	436,866	(22,077,651)	-	(22,077,651)
Temporarily restricted	5,225,836	-	42,028	67,947	2,553	-	41,080	234,476	5,613,920	-	5,613,920
Permanently restricted	-	-	-	-	-	-	1,576,277	-	1,576,277	-	1,576,277
TOTAL NET ASSETS (DEFICIT)	(20,266,768)	1,935,194	1,145,289	(26,667)	123,867	760,097	770,192	671,342	(14,887,454)	-	(14,887,454)
TOTAL LIABILITIES AND NET ASSETS/EQUITY	\$ 41,788,838	\$ 2,482,353	\$ 865,887	\$ 178,387	\$ 102,003	\$ -	\$ 3,621,302	\$ 517,898	\$ 49,556,668	\$ (1,877,623)	\$ 47,679,045

See Independent Auditors' Report.

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended September 30, 2015**

	International Association of Fire Fighters Foundation								Total	Eliminating Entries	Consolidated Balance
	IAFF	IAFF Financial Corporation	International Association of Fire Fighters Foundation	International Association of Fire Fighters Burn Foundation	John P. Redmond Memorial Foundation	International Association of Fire Fighters Disaster Relief Fund	IAFF Fallen Fire Fighter Memorial Fund	W.H. "Howie" McClennan Scholarship Fund			
SUPPORT AND REVENUE											
Per capita tax	\$ 43,664,640	\$ -	\$ -	\$ -	\$ 135,844	\$ 220,747	\$ 929,683	\$ -	\$ 44,950,914	\$ (1,286,273)	\$ 43,664,641
Conference and seminar registration fees	3,385,680	-	-	-	-	-	-	-	3,385,680	(355,000)	3,030,680
Contributions	2,836,268	-	179,344	149,570	281	6,237	28,944	7,292	3,207,936	75,000	3,282,936
Royalties	643,436	2,036,545	65,790	31,381	-	-	5,285	-	2,782,437	-	2,782,437
Grants	6,713,162	-	-	1,085,920	-	-	-	-	7,799,082	-	7,799,082
Reimbursed legal expenses	2,207	-	-	-	-	-	-	-	2,207	-	2,207
Initiation, reinstatement and charter fees	158,855	-	-	-	-	-	-	-	158,855	-	158,855
Proceeds from sales	40,101	-	-	-	-	-	-	-	40,101	-	40,101
Investment income	352,921	1,752	-	-	3,540	-	(56)	17,977	376,134	-	376,134
Foreign currency transaction loss	(60,938)	(3,351)	-	-	-	-	-	-	(64,289)	21,801	(42,488)
Other revenues	1,144,608	1,446,765	2,150	2,400	-	-	(13,541)	-	2,582,382	(1,470,042)	1,112,340
TOTAL SUPPORT AND REVENUE	58,880,940	3,481,711	247,284	1,269,271	139,665	226,984	950,315	25,269	65,221,439	(3,014,514)	62,206,925
EXPENSES											
Program	44,309,408	3,110,036	3,096	1,193,012	-	17,500	84,741	100,000	48,817,793	(3,014,514)	45,803,279
Management and general	13,839,421	-	3,096	21,620	-	-	42,461	-	13,906,598	-	13,906,598
Fundraising	-	-	-	21,000	-	-	-	-	21,000	-	21,000
TOTAL EXPENSES	58,148,829	3,110,036	6,192	1,235,632	-	17,500	127,202	100,000	62,745,391	(3,014,514)	59,730,877
CHANGE IN NET ASSETS/EQUITY BEFORE CHANGE IN CUMULATIVE FOREIGN CURRENCY TRANSLATION AND INCOME TAXES	732,111	371,675	241,092	33,639	139,665	209,484	823,113	(74,731)	2,476,048	-	2,476,048
INCOME TAXES	-	(148,037)	-	-	-	-	-	-	(148,037)	-	(148,037)
CHANGE IN CUMULATIVE FOREIGN CURRENCY TRANSLATION	(864,936)	-	-	-	-	-	-	-	(864,936)	-	(864,936)
CHANGE IN NET ASSETS BEFORE INCREMENTAL EFFECT OF DEFINED BENEFIT PLAN	(132,825)	223,638	241,092	33,639	139,665	209,484	823,113	(74,731)	1,463,075	-	1,463,075
INCREMENTAL EFFECT ON NET ASSETS OF DEFINED BENEFIT PLAN	(15,835,456)	-	-	-	-	-	-	-	(15,835,456)	-	(15,835,456)
CHANGE IN NET ASSETS	(15,968,281)	223,638	241,092	33,639	139,665	209,484	823,113	(74,731)	(14,372,381)	-	(14,372,381)
NET ASSETS/EQUITY, beginning of year	(4,298,487)	1,800,924	1,005,995	(157,620)	(15,798)	550,613	(57,405)	746,073	(425,705)	(89,368)	(515,073)
EQUITY TRANSFERS, net	-	-	(101,798)	97,314	-	-	4,484	-	-	-	-
NET ASSETS/EQUITY, end of year	\$ (20,266,768)	\$ 2,024,562	\$ 1,145,289	\$ (26,667)	\$ 123,867	\$ 760,097	\$ 770,192	\$ 671,342	\$ (14,798,086)	\$ (89,368)	\$ (14,887,454)

See Independent Auditors' Report.

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AND ITS SUBSIDIARY AND AFFILIATES**

**CONSOLIDATING SCHEDULE OF EXPENSES BY ENTITY
Year Ended September 30, 2015**

	International Association of Fire Fighters Foundation								Total	Eliminating Entries	Consolidated Balance
	IAFF Financial Corporation	International Association of Fire Fighters Foundation	International Association of Fire Fighters Burn Foundation	John P. Redmond Memorial Foundation	International Association of Fire Fighters Disaster Relief Fund	IAFF Fallen Fire Fighter Memorial Fund	W.H. "Howie" McClennan Scholarship Fund				
Salaries	\$ 14,274,131	\$ 841,020	\$ -	\$ 180,409	\$ -	\$ -	\$ -	\$ -	\$ 15,295,560	\$ (126,273)	\$ 15,169,287
Employee reimbursements	2,210,908	92,729	-	33,934	-	-	98	-	2,337,669	-	2,337,669
Employee benefits	3,789,344	169,688	-	34,733	-	-	-	-	3,993,765	-	3,993,765
Accounting and audit	155,797	27,663	-	-	-	-	-	-	183,460	-	183,460
Advertising	122,843	288,000	-	-	-	-	-	-	410,843	(288,000)	122,843
Aid to affiliates	372,648	-	-	-	-	-	-	-	372,648	-	372,648
Audio/visual expense	402,876	-	-	17,276	-	-	-	-	420,152	(2,200)	417,952
Awards	21,988	-	-	5,000	-	17,500	-	-	44,488	-	44,488
Bad debt expense	6,654	-	-	-	-	-	-	-	6,654	-	6,654
Computer	920,248	18,125	-	2,038	-	-	-	-	940,411	-	940,411
Consultants	7,465,902	421,634	-	633,192	-	-	19,435	-	8,540,163	(43,371)	8,496,792
Convention expenses	-	14,817	-	-	-	-	-	-	14,817	-	14,817
Cost of sales	373,812	-	-	-	-	-	-	-	373,812	-	373,812
Depreciation and amortization	441,134	88,179	1,790	-	-	-	-	-	531,103	-	531,103
Donations	1,576,493	46,000	-	-	-	-	-	100,000	1,722,493	(1,312,240)	410,253
Dues and subscriptions	433,751	-	-	41,219	-	-	3,651	-	478,621	-	478,621
Insurance and bonding	308,588	28,643	-	2,030	-	-	-	-	339,261	-	339,261
Interest and penalties	28,022	-	-	-	-	-	-	-	28,022	-	28,022
Journal and publication expenses	833,822	-	-	48,299	-	-	-	-	882,121	-	882,121
Legal services	3,071,059	10,104	1,193	-	-	-	-	-	3,082,356	-	3,082,356
Marketing and promotion expenses	54,751	371,269	2,271	11,621	-	-	-	-	439,912	(355,000)	84,912
Miscellaneous expenses	913,781	3,517	938	4,290	-	-	585	-	923,111	(542,981)	380,130
Office expense and supplies	728,756	28,058	-	20,927	-	-	59,858	-	837,599	-	837,599
Office machine rental and maintenance	105,611	-	-	-	-	-	-	-	105,611	-	105,611
Pension expense	4,865,655	283,188	-	59,662	-	-	-	-	5,208,505	(33,261)	5,175,244
Affiliations per capita tax	2,285,268	-	-	-	-	-	-	-	2,285,268	-	2,285,268
Political contributions	4,930,640	-	-	-	-	-	-	-	4,930,640	-	4,930,640
Postage and freight	217,404	5,209	-	4,136	-	-	898	-	227,647	-	227,647
Printing and copying	784,366	5,285	-	12	-	-	-	-	789,663	-	789,663
Rent	2,310,777	311,188	-	-	-	-	397	-	2,622,362	(311,188)	2,311,174
Seminars and meetings	2,880,716	5,891	-	121,523	-	-	42,280	-	3,050,410	-	3,050,410
Taxes - payroll	1,001,002	48,573	-	14,022	-	-	-	-	1,063,597	-	1,063,597
Taxes - income taxes	-	148,037	-	-	-	-	-	-	148,037	-	148,037
Taxes - other	81,113	7,128	-	-	-	-	-	-	88,241	-	88,241
Telephone and utilities	164,152	8,945	-	1,309	-	-	-	-	174,406	-	174,406
FAS 158 adjustment	15,835,456	-	-	-	-	-	-	-	15,835,456	-	15,835,456
Overhead allocation	-	-	-	-	-	-	-	-	-	-	-
Fringe pool	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	\$ 73,984,285	\$ 3,258,073	\$ 6,192	\$ 1,235,632	\$ -	\$ 17,500	\$ 127,202	\$ 100,000	\$ 78,728,884	\$ (3,014,514)	\$ 75,714,370

See Independent Auditors' Report.