

Budgeting & Audits

Washington Council of Professional Fire Fighters
Education Seminar 2024

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Budgeting

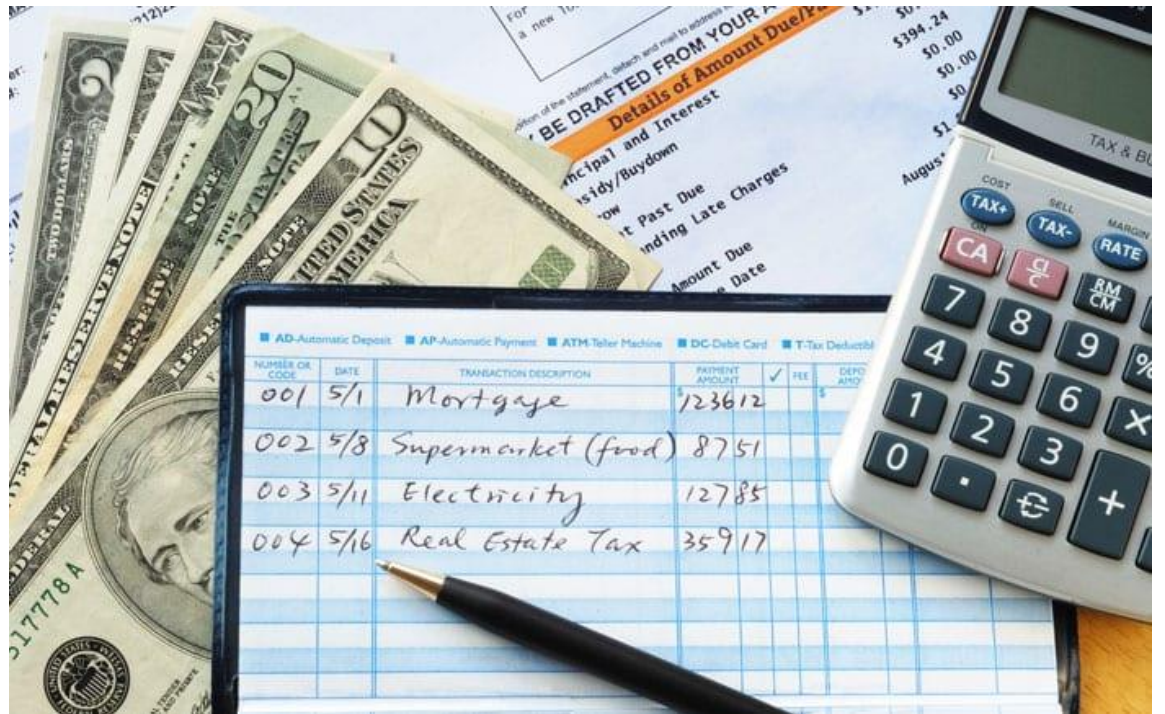
Building your Budget

- Start with your expected revenue
- Determine what your fixed expenses are
- IAFF/State/Local dues, Payroll, Rent etc.
- The remaining balance can be used for other expenses
- Don't have a negative balance on your budget



Budget - Transfers

- Accounts for monthly transfers
- Add them below Net Income



Sample Budget

	2023 Budget
Profit & Loss Statement	
Revenue	
Member Dues	95,000
State Assoc Reimbursements	-
Member Reimburesments	-
Misc. (fill the boot)	12,000
Total Revenue	<u>107,000</u>
Expenses	
Dues	
IAFF	25,000
State Assoc	30,000
AFL-CIO	3,000
CLC	300
Total Dues	<u>58,300</u>
Charity	10,000
Travel/Conferences	11,000
Insurance	800
Payroll of officers	8,000
Payroll taxes	1,600
Professional/Legal fees	600
All Other Expenses	10,000
Total Expenses	<u>100,300</u>
Net Income/(Loss)	<u>6,700</u>



Fraud / Audits

Compilations, Reviews, and Audits

A **compilation** is the preparation of financial statements of private entities based on information provided by the entity's management.

A compiled financial statement represents the most basic level of service **CPAs** provide with respect to financial statements.



Compilation



Compilations, Reviews, and Audits

A **review** requires all of the procedures necessary for a compilation engagement, plus other procedures that enable the accountant to provide limited assurance on the financial statements. These additional requirements are inquiries of client management and analytical procedures.



Review



Compilations, Reviews, and Audits

An **audit** is the third and most extensive service. It provides the highest level of assurance on the client's financial statements, because many important audit procedures are not required for compilations or reviews.



How Do We Internally Review our Financials

- Start with ending bank balances
- Compare the Budget vs Actual P&L
- Details on categories with a variance over your threshold
- Should be able to tie to receipts or documents
- Review the transactions on bank statements



Financial Statement

IAFF L1234


Financial Statements

	2023 Budget	2023 Actual	Variance
Profit & Loss Statement			
Revenue			
Member Dues	95,000	94,500	(500)
State Assoc Reimbursements	-	-	-
Member Reimburesments	-	-	-
Misc. (fill the boot)	12,000	7,000	(5,000)
Total Revenue	<u>107,000</u>	<u>101,500</u>	<u>(5,500)</u>
Expenses			
Dues			
IAFF	25,000	24,550	(450)
State Assoc	30,000	29,570	(430)
AFL-CIO	3,000	2,957	(43)
CLC	300	295	(5)
Total Dues	<u>58,300</u>	<u>57,372</u>	<u>(928)</u>
Charity	10,000	10,000	-
Travel/Conferences	11,000	15,980	4,980
Insurance	800	799	(1)
Payroll of officers	8,000	8,000	-
Payroll taxes	1,600	1,600	-
Professional/Legal fees	600	625	25
All Other Expenses	10,000	10,000	-
Total Expenses	<u>100,300</u>	<u>104,376</u>	<u>4,076</u>
Net Income/(Loss)	<u>6,700</u>	<u>(2,876)</u>	<u>(9,576)</u>

Assets	12/31/22	12/31/23
Checking Acct	60,000	37,124
Savings	-	-
EDF/Legal Fund	-	-
Union Hall	-	-
Total Assets	<u>60,000</u>	<u>37,124</u>
Liabilities		
Union Hall loan	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balance	<u>60,000</u>	<u>37,124</u>
Total Liabilities and Fund Bal	<u>60,000</u>	<u>37,124</u>



IAFF Local Union Financial Audit Report



INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
 Frank V. Lima
 General Secretary-Treasurer

IAFF LOCAL UNION FINANCIAL AUDIT REPORT & REVIEW

Local No. _____ Local Name _____ State/Province _____ IAFF District _____

Fiscal Year ended _____ Local Employer Identification Number (EIN) _____

GENERAL INSTRUCTIONS

This annual report shall be prepared and certified by the local union trustees or audit committee. The original shall be forwarded to the IAFF General Secretary-Treasurer at 1750 New York Ave NW, Washington D.C. 20006 and/or emailed to financialreport@iaff.org within 180 days after the close of the local's fiscal year.

A copy shall be retained in the files of the local union in accordance with the IAFF Constitution and By-Laws.


Annually, the local union shall perform an independent inspection of the local's adherence to IAFF's financial policies contained in Article XIII, Section 9 of the IAFF Constitution and By-Laws and answer the following questions based on their inspection.

	YES	NO*
1. All cash receipts are required to be deposited into the local's bank account.	<input type="checkbox"/>	<input type="checkbox"/>
2. All disbursements are required to be paid by check or electronic funds transfer.	<input type="checkbox"/>	<input type="checkbox"/>
3. Two signatures on every check or verification of a minimum of two officers before electronic funds transfer is completed are required.	<input type="checkbox"/>	<input type="checkbox"/>
4. An independent individual(s) reviews all bank statements to ensure adherence to disbursement policies.	<input type="checkbox"/>	<input type="checkbox"/>
5. An invoice or other supporting documentation is required for every expenditure.	<input type="checkbox"/>	<input type="checkbox"/>
6. Signing blank checks is prohibited.	<input type="checkbox"/>	<input type="checkbox"/>
7. Checks made payable to cash and ATM withdrawals are prohibited.	<input type="checkbox"/>	<input type="checkbox"/>
8. The local has adopted a petty cash policy that limits petty cash to \$100 or less, requires a receipt and requires all expenditures to be logged in a petty cash journal.	<input type="checkbox"/>	<input type="checkbox"/>
9. Minutes of membership and executive meetings are required.	<input type="checkbox"/>	<input type="checkbox"/>
10. Was the trustees' annual Local Union Financial Report for the prior year submitted to the IAFF?	<input type="checkbox"/>	<input type="checkbox"/>
11. Was the trustees' annual Local Union Financial Report for the prior year submitted to the local's membership?	<input type="checkbox"/>	<input type="checkbox"/>
12. Are required federal and state/provincial payroll tax returns currently filed with the respective agencies?	<input type="checkbox"/>	<input type="checkbox"/>
13. The local's principal officers have reviewed the IAFF Local Union Financial Responsibilities Manual.	<input type="checkbox"/>	<input type="checkbox"/>
14. The local's principal officers have reviewed the IAFF Manual of Common Procedures.	<input type="checkbox"/>	<input type="checkbox"/>
15. The local has a Labor Organization Bond of at least 10% of its assets.	<input type="checkbox"/>	<input type="checkbox"/>
16. The local has Directors' and Officers' Insurance Coverage.	<input type="checkbox"/>	<input type="checkbox"/>
17. The local has updated its membership and officer roster with the IAFF within the last 30 days.	<input type="checkbox"/>	<input type="checkbox"/>

*Please provide an explanation on the additional sheet if the answer to any of these is NO.

ATTACH ANY TAX FORM OR GOVERNMENT REQUIRED FILING TO THIS SUBMISSION

Revised November 2023



Number of members at the end of the last Fiscal Year _____
 Number of members at the end of this Fiscal Year _____
 If your local dues is a flat rate, what is that flat rate? _____
 If your local dues is based on a percentage, what is that percentage? _____
 How are dues collected? (Payroll deduction, ACH, other program) _____

ANNUAL REVENUE:

1. Initiation fees	\$	<input type="text"/>
2. Per Capita (Dues) received	\$	<input type="text"/>
3. Interest	\$	<input type="text"/>
4. Other revenue (Please attach a list of other revenue sources)	\$	<input type="text"/>
5. Total revenue	\$	<input type="text"/>

ANNUAL EXPENSES

9. Salaries and payroll related expenses	\$	<input type="text"/>
10. Per Capita Tax and fees	\$	<input type="text"/>
11. Other expenses (Please attach a list of other expenses)	\$	<input type="text"/>
12. Total expenses	\$	<input type="text"/>

ASSETS AND LIABILITIES

	Start of fiscal year	End of fiscal year
13. Cash, savings, and investments	\$ <input type="text"/>	\$ <input type="text"/>
14. Land and buildings	\$ <input type="text"/>	\$ <input type="text"/>
15. Other assets (please attach a list of other assets)	\$ <input type="text"/>	\$ <input type="text"/>
16. Total assets (sum of Lines 13, 14, & 15)		
17. Total liabilities	\$ <input type="text"/>	\$ <input type="text"/>
18. Net assets (line 16 minus line 17)	\$ <input type="text"/>	\$ <input type="text"/>

To oversee the local union's adherence to IAFF's financial policies and procedures for the year, we selected and verified a sample of transactions and either: a) encountered no departures from IAFF's financial policies and procedures contained in the [Local Union Financial Responsibilities & Management](#) manual, or b) addressed and corrected any departures. Please provide a brief description on any departures on the additional sheet provided.

Individuals submitting report should not be members of the Executive Board (with spending authority) but an independent group of trustees or an audit committee. A minimum of two reviewers is required.

Reviewer Printed Name _____ Signature: _____
 Reviewer Printed Name _____ Signature: _____
 Reviewer Printed Name _____ Signature: _____

If auditing work was performed by an external group such as an auditing firm or CPA, please click this box.

