

**ENDE, MENZER, WALSH & QUINN RETIREES'
WIDOWS' AND CHILDREN'S ASSISTANCE FUND**

FINANCIAL STATEMENTS

DECEMBER 31, 2018

**ENDE, MENZER, WALSH & QUINN RETIREES'
WIDOWS' AND CHILDREN'S ASSISTANCE FUND**

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DECEMBER 31, 2018 AND 2017

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Ende, Menzer, Walsh & Quinn
Retirees' Widows' and Children's
Assistance Fund

Report on the Financial Statements

We have audited the accompanying financial statements of Ende, Menzer, Walsh & Quinn Retirees' Widows' and Children's Assistance Fund (the Corporation), which comprise the statements of assets and net assets - modified cash basis as of December 31, 2018 and 2017 and the related statement of revenue, expenses and changes in net assets - modified cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the 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 Corporation'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 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 financial statements referred to in the first paragraph present fairly, in all material respects, the assets and net assets of Ende, Menzer, Walsh & Quinn Retirees' Widows' and Children's Assistance Fund as of December 31, 2018, and its revenue, expenses and changes in net assets for the year then ended, in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, the Corporation implemented relevant components of new accounting guidance that improves the presentation of information regarding net assets and liquidity. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Ende, Menzer, Walsh & Quinn Retirees' Widows' and Children's Assistance Fund's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 2, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Legacy Professionals LLP

Westchester, Illinois

August 23, 2019

**ENDE, MENZER, WALSH & QUINN RETIREES'
WIDOWS' AND CHILDREN'S ASSISTANCE FUND**

**STATEMENTS OF ASSETS AND NET ASSETS
MODIFIED CASH BASIS**

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CHECKING ACCOUNT	\$ 275,530	\$ 209,026
CASH ON HAND	1,271	1,270
MONEY MARKET FUND	<u>31,418</u>	<u>32,939</u>
Total assets	<u>\$ 308,219</u>	<u>\$ 243,235</u>
NET ASSETS		
WITHOUT DONOR RESTRICTIONS	\$ 222,355	\$ 242,948
WITH DONOR RESTRICTIONS	<u>85,864</u>	<u>287</u>
Total net assets	<u>\$ 308,219</u>	<u>\$ 243,235</u>

See accompanying notes to financial statements.

**ENDE, MENZER, WALSH & QUINN RETIREES'
WIDOWS' AND CHILDREN'S ASSISTANCE FUND**

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS**

YEAR ENDED DECEMBER 31, 2018 WITH COMPARATIVE TOTALS FOR 2017

	2018			2017
	Without	With	Total	Total
	Donor Restrictions	Donor Restrictions		
REVENUE				
Contributions	\$ 600,093	\$ -	\$ 600,093	\$ 657,652
Contributions - restricted for families of deceased active firemen	-	86,026	86,026	2,963
Interest income	210	-	210	4,295
	600,303	86,026	686,329	664,910
Net assets released from restrictions	449	(449)	-	-
Total revenue and other support	600,752	85,577	686,329	664,910
EXPENSES				
Program services				
Assistance to widows and orphans	597,000	-	597,000	638,500
Assistance to families of deceased active firemen	16,450	-	16,450	15,000
Restricted benefit payments	-	-	-	2,858
Charitable donations	1,000	-	1,000	2,500
Total program expenses	614,450	-	614,450	658,858
Fundraising				
Consulting	-	-	-	17,041
Other	-	-	-	150
Total fundraising expenses	-	-	-	17,191
Management and general				
Illinois tax filings	140	-	140	10
Bank fees	863	-	863	529
Audit fees	5,250	-	5,250	5,250
Web hosting	-	-	-	392
Printing, postage and check production	556	-	556	592
Excise Tax Payment	86	-	86	-
Total management and general expenses	6,895	-	6,895	6,773
Total expenses	621,345	-	621,345	682,822
CHANGE IN NET ASSETS	(20,593)	85,577	64,984	(17,912)
NET ASSETS				
Beginning of year	242,948	287	243,235	261,147
End of year	\$ 222,355	\$ 85,864	\$ 308,219	\$ 243,235

See accompanying notes to financial statements.

ENDE, MENZER, WALSH & QUINN RETIREES'
WIDOWS' AND CHILDREN'S ASSISTANCE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 1. NATURE OF THE ORGANIZATION

Ende, Menzer, Walsh & Quinn Retirees' Widows' and Children's Assistance Fund (the Corporation) was incorporated in the State of Illinois on September 20, 2005, as a not-for-profit corporation. The Corporation was organized to render financial and other assistance to retirees, widows and children of the participants of the Firemen's Annuity and Benefit Fund of Chicago.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The financial statements have been prepared using the modified cash basis of accounting. Except for assets and liabilities which arise from cash transactions, revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. Net assets are classified as with donor restrictions or without donor restrictions. Net assets are generally reported as without donor restrictions unless assets are received from donors with explicit stipulations that limit the use of the asset. The Corporation records donor restricted funding as changes in net assets without donor restrictions if the donations are received and released in the same period. Net assets with donor restrictions result from contributions, the use of which are limited by donor-imposed stipulations that can be fulfilled and removed by action of the Corporation pursuant to those stipulations.

New Accounting Pronouncements - In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, which was effective for the Corporation's financial statements for the year ended December 31, 2018. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU has been applied retrospectively to all periods presented and the presentation in these financial statements has been adjusted accordingly.

Functional Expenses - The cost of providing various program and supporting services has been summarized on a functional basis in the statements of revenue, expenses and changes in net assets - modified cash basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Subsequent Events - Subsequent events have been evaluated through August 23, 2019, which is the date the financial statements were available to be issued.

NOTE 3. LIQUIDITY AND AVAILABILITY

The Corporation has a liquidity policy to maintain current financial assets less current liabilities at minimum of 90 days operating expenses. The organization has a policy to target a year-end balance of reserves of net assets without donor restrictions to meet three months of expected expenditures. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended December 31, 2018 and 2017, the level of liquidity and reserves was managed within the policy requirements.

Financial assets available for general expenditure are those that are without donor or other restrictions limiting that their use, within one year at December 31, 2018 and 2017 comprise the following:

	<u>2018</u>	<u>2017</u>
Financial assets at year end:		
Total cash	\$ 308,219	\$ 243,235
Less: net assets with donor restrictions	<u>(85,864)</u>	<u>(287)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 222,355</u>	<u>\$ 242,948</u>

NOTE 4. TAX STATUS

The Internal Revenue Service has advised that the Corporation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a private operating foundation under Section 509(a)(2).

The Corporation is required to evaluate its tax positions and disclose the amount of a tax liability if the Corporation has taken an uncertain position that more likely than not would not be sustained upon examination by tax authorities. The Corporation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 5. RELATED ORGANIZATIONS

The Firemen's Annuity and Benefit Fund of Chicago has allowed the Corporation to utilize its facilities and equipment to accommodate the distributions to widows and children at no additional direct expense to the Firemen's Annuity and Benefit Fund of Chicago.

Three of the Corporation's directors are also trustees of the Firemen's Annuity and Benefit Fund of Chicago, and another director of the Corporation serves as the Executive Director of the Firemen's Annuity and Benefit Fund of Chicago.

During the years ended December 31, 2018 and 2017, the Firemen's Annuity and Benefit Fund of Chicago contributed \$256,000 and \$378,000 respectively, to the Corporation to render financial assistance to qualified widows and children of the participants of the Firemen's Annuity and Benefit Fund of Chicago.

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Contributions for Family of Daniel Capuano	\$ 287	\$ 287
Contributions for Family of Juan Bucio	\$ 85,577	\$ -