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INDEPENDENT INSURANCE AGENTS
OF NORTH CAROLINA, INC.

Consolidated Financial Statements

August 31, 2019

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Board of Directors
Independent Insurance Agents of North Carolina, Inc.
Cary, North Carolina

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying consolidated financial statements of Independent Insurance Agents of North Carolina, Inc. (a not-for-profit organization) and affiliates, which comprise the consolidated statement of financial position as of August 31, 2019, and the related consolidated statements of activities and changes in net assets 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 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 auditor's 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 consolidated financial position of Independent Insurance Agents of North Carolina, Inc. and affiliates, as of August 31, 2019, 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.

Koonce, Wooten & Haywood, LLP

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February 5, 2020

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INDEPENDENT INSURANCE AGENTS OF NORTH CAROLINA, INC.
Consolidated Statement of Financial Position
August 31, 2019

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 4,290,405
Investments	2,963,245
Accounts Receivable, net	187,383
Due from NCAIA	532,225
Prepaid Expenses	139,922
Deferred Tax Asset	30,485
Total Current Assets	<u>8,143,665</u>

PROPERTY AND EQUIPMENT:

Land	238,839
Building	1,496,524
Furniture, Fixtures and Equipment	821,292
Automobiles	187,206
Total	<u>2,743,861</u>
Less Allowance for Depreciation	1,322,793
Net Property and Equipment	<u>1,421,068</u>

LONG-TERM ASSETS:

Investment in Privately Held Companies	272,272
Cash Value of Life Insurance Policy	2,572
Total Long-Term Assets	<u>274,844</u>

Total Assets	<u>\$ 9,839,577</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$ 345,735
Agency Payable	90,646
Retirement Plan Payable	101,369
Deferred Revenue	797,460
SERA Program Funds Payable	116,849
Total Current Liabilities	<u>1,452,059</u>

NET ASSETS

Without Donor Restrictions	7,072,563
With Donor Restrictions	1,314,955
Total Net Assets	<u>8,387,518</u>

Total Liabilities and Net Assets	<u>\$ 9,839,577</u>
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The accompanying notes are an integral part of the consolidated financial statements.

INDEPENDENT INSURANCE AGENTS OF NORTH CAROLINA, INC.
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended August 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Membership Dues	\$ 1,017,560	\$ -	\$ 1,017,560
Service Fees:			
Group Insurance Products	156,875	-	156,875
Errors and Omissions Commissions	654,566	-	654,566
Other Commissions	233,146	-	233,146
Education Program Fees	1,024,953	-	1,024,953
Public Education	-	605,000	605,000
IIANC Convention Fees	705,660	-	705,660
Other Convention Fees	166,842	-	166,842
Royalty Income	281,385	-	281,385
<i>Agents Journal</i>	57,855	-	57,855
Trusted Choice Income	38,000	-	38,000
Agency Consulting Income	10,000	-	10,000
Miscellaneous Income	3,228	-	3,228
Contributions	-	102,135	102,135
Investment Income	56,015	-	56,015
Loss on Sale of Property and Equipment	(8,159)	-	(8,159)
Realized Loss on Sale of Investments	(34,333)	-	(34,333)
Unrealized Gain on Investments	142,357	-	142,357
Subtotal	4,505,950	707,135	5,213,085
Net Assets Released from Restrictions	369,603	(369,603)	-
Total Revenues and Support	4,875,553	337,532	5,213,085
EXPENSES:			
Direct Program Expenses:			
Education	1,444,150	-	1,444,150
Membership	1,618,332	-	1,618,332
Insurance Products	854,801	-	854,801
Government Affairs and Lobbying	259,588	-	259,588
Total Program Expenses	4,176,871	-	4,176,871
Supporting Services:			
Administrative	503,633	-	503,633
Total Expenses	4,680,504	-	4,680,504
CHANGE IN NET ASSETS BEFORE INCOME TAXES	195,049	337,532	532,581
INCOME (TAXES) BENEFIT	11,777	-	11,777
CHANGE IN NET ASSETS	206,826	337,532	544,358
NET ASSETS--Beginning of Year	6,865,737	977,423	7,843,160
NET ASSETS--End of Year	\$ 7,072,563	\$ 1,314,955	\$ 8,387,518

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

INDEPENDENT INSURANCE AGENTS OF NORTH CAROLINA, INC.
Consolidated Statement of Functional Expenses
For the Year Ended August 31, 2019

	<u>Education</u>	<u>Membership</u>	<u>Insurance Products</u>
Salary and Benefits	\$ 319,894	\$ 318,483	\$ 542,189
Direct Program Costs	809,506	459,527	92,189
Publication	-	311,030	-
Dues and Subscriptions	1,912	264,514	3,258
Travel, Lodging and Meeting Expense	912	6,190	235
Computer and Technology	32,012	32,044	54,552
Scholarship and Education Awards	146,252	-	-
Depreciation	22,988	23,011	39,173
Insurance	19,574	19,593	33,355
Facilities	17,853	17,871	30,424
Advertising	-	68,000	-
Marketing and Member Visits	16,893	17,738	29,563
Professional Fees	-	-	-
Credit Card Fees	36,379	13,713	-
Membership Support	-	44,130	-
Printing and Postage	4,665	4,670	7,950
Staff Development and Support	4,468	4,473	7,614
Vehicles	4,160	6,656	2,912
Telephone and Internet	4,066	4,070	6,929
Office Supplies	<u>2,616</u>	<u>2,619</u>	<u>4,458</u>
Total Expenses	<u>\$ 1,444,150</u>	<u>\$ 1,618,332</u>	<u>\$ 854,801</u>

The accompanying notes are an integral part of the consolidated financial statements.

Government Affairs and Lobbying	Total Program	Administrative	Total Expenses
\$ 116,914	\$ 1,297,480	\$ 265,961	\$ 1,563,441
-	1,361,222	-	1,361,222
-	311,030	-	311,030
702	270,386	1,598	271,984
100,118	107,455	88,814	196,269
11,763	130,371	26,760	157,131
-	146,252	-	146,252
8,447	93,619	19,215	112,834
7,193	79,715	16,362	96,077
6,560	72,708	14,924	87,632
-	68,000	-	68,000
-	64,194	-	64,194
-	-	51,785	51,785
-	50,092	-	50,092
-	44,130	-	44,130
1,714	18,999	3,900	22,899
1,642	18,197	3,735	21,932
2,080	15,808	4,992	20,800
1,494	16,559	3,399	19,958
961	10,654	2,188	12,842
<u>\$ 259,588</u>	<u>\$ 4,176,871</u>	<u>\$ 503,633</u>	<u>\$ 4,680,504</u>

INDEPENDENT INSURANCE AGENTS OF NORTH CAROLINA, INC.
Consolidated Statement of Cash Flows
For the Year Ended August 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ 544,358
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	153,616
Realized Loss on Sale of Investments	34,333
Unrealized Gain on Investments	(142,357)
Loss on Sale of Property and Equipment	8,159
Changes in:	
Accounts Receivable, net	(129,405)
Promises to Give	160,000
Due from NCAIA	(98,896)
Prepaid Expenses	14,533
Income Taxes Receivable	33,588
Deferred Tax Asset	(30,485)
Cash Value of Life Insurance Policy	(2,572)
Accounts Payable	206,799
Agency Payable	(205,236)
Retirement Plan Payable	15,138
Deferred Revenue	12,920
SERA Program Funds Payable	(276)
Net Cash Provided by Operating Activities	<u>574,217</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Property and Equipment	(147,706)
Purchase of Investments	(455,110)
Proceeds from Sale of Investments	429,865
Net Cash Used by Investing Activities	<u>(172,951)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	401,266
CASH AND CASH EQUIVALENTS--Beginning of Year	<u>3,889,139</u>
CASH AND CASH EQUIVALENTS--End of Year	<u>\$ 4,290,405</u>

The accompanying notes are an integral part of the consolidated financial statements.

INDEPENDENT INSURANCE AGENTS OF NORTH CAROLINA, INC.
Notes to Consolidated Financial Statements
August 31, 2019

1. Significant Accounting Policies

A. Nature of Activities:

Independent Insurance Agents of North Carolina, Inc. (“Association”) is an association of independent insurance agencies in the State of North Carolina. It provides its members with education programs, industry representation, and member services. It is a member of the Independent Insurance Agents and Brokers of America (IIABA).

The Association organized a wholly-owned, for-profit subsidiary, Independent Insurance Agents of North Carolina Member Services, Inc. (“Corporation”) in September 2010. The Corporation provides various insurance products and advertising opportunities to members of the Association.

The Association elects the board of directors and approves the chairman and vice chairman of IIANC Education Foundation (“Foundation”). The Foundation is a non-profit corporation organized under Section 501(c)(3) of the Internal Revenue Code to assist, support, and benefit the Association with respect to the promotion and development of insurance education in North Carolina.

Collectively, the Association, Corporation, and Foundation are called “the Organization” in these consolidated financial statements.

B. Principles of Consolidation:

The consolidated financial statements include the accounts of the Association, Corporation (inclusive of ifinance, a single-member LLC) and Foundation. All significant inter-organization transactions have been eliminated in consolidation.

C. Basis of Presentation:

The Association follows standards for external financial reporting by not-for-profit organizations that requires its resources be classified for accounting and reporting purposes into two net asset categories according to externally imposed restrictions. Accordingly, net assets of the Association and changes therein may be classified and reported as follows:

Net Assets Without Donor Restrictions--Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

Net Assets With Donor Restrictions—Net assets with donor restrictions consist of assets whose uses is limited by donor-imposed, time and/or purpose restrictions.

The Association reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

D. Accounting Estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Accordingly, actual results could differ from those estimates.

INDEPENDENT INSURANCE AGENTS OF NORTH CAROLINA, INC.
Notes to Consolidated Financial Statements
August 31, 2019

1. Significant Accounting Policies (Continued)

E. Cash and Cash Equivalents:

For purposes of reporting the consolidated statements of cash flows, cash and cash equivalents are defined as checking and savings accounts, money market deposits, and certificates of deposit with original maturities of less than ninety days, excluding cash equivalents held as part of the Organization's investment portfolio, which are classified as investments.

F. Investments:

Investments in equity securities and money market funds with readily determinable fair value are measured at fair value in the consolidated statement of financial position. Gains and losses are determined using the specific identification method.

G. Accounts Receivable:

Accounts receivable consists of amounts due for member group insurance premiums and program fees. Uncollectible amounts are written off when deemed uncollectible by management. The allowance for doubtful accounts is \$6,000 at August 31, 2019.

H. Property and Equipment:

Property and equipment is recorded at cost and depreciation is computed using the straight line and accelerated methods over the estimated useful lives of the assets. The Organization utilizes a capitalization threshold of \$1,000.

I. Deferred Revenue and Revenue Recognition:

Membership dues and program revenues collected in advance are recorded as deferred revenue and recognized as income in the period earned. Membership dues are recognized as revenue in the applicable membership period. Registration fees for continuing education courses and other events are recognized as revenue when the course or event is held. Revenues from group insurance products and errors and omissions insurance are recognized as revenue on the effective date of the policies.

J. Income Taxes:

The Association is exempt from Federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code. The Association's primary activity subject to taxation is excess lobbying expenses, and there was no tax due for the year ended August 31, 2019.

The Corporation is a C corporation and its primary activities subject to taxation include advertising and commissions. A provision for federal and state income taxes is included in the accompanying consolidated financial statements. The Corporation had a deferred tax asset of \$30,485 as of August 31, 2019. The single member LLC is a disregarded entity for income tax filing purposes.

The Foundation is exempt from Federal and state income tax under Section 501(a) of the Internal Revenue Code and is classified under Section 501(c)(3) as a public charity. The Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(2).

It is the Organization's policy to evaluate all tax positions to identify those that may be considered uncertain. All identified material tax positions are assessed and measured by a "more-likely-than not" threshold to determine if the benefit of any uncertain tax position should be recognized in the consolidated financial statements. Any changes in the amount of a tax position are recognized in the period the change occurs. The Organization believes there is appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the consolidated financial statements.

INDEPENDENT INSURANCE AGENTS OF NORTH CAROLINA, INC.
Notes to Consolidated Financial Statements
August 31, 2019

1. Significant Accounting Policies (Continued)

The Association, Corporation and Foundation file their related Forms 990 and 1120 in the U.S. Federal jurisdiction and with the North Carolina Department of Revenue. These returns are subject to examination by the Internal Revenue Service and state tax authorities for a period of three years after the respective filing deadlines.

K. Advertising Costs:

The Organization expenses advertising costs as incurred. Advertising costs for the year ended August 31, 2019 was \$132,194.

L. Adoption of New Accounting Pronouncement:

For the year ended August 31, 2019, the Association adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. A key change required by ASU 2016-14 are the net asset classes used in these financial statements wherein amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification.

2. Investments

Investments are summarized as follows at August 31, 2019:

	Historical Cost	Fair Value	Unrealized Gain
Certificates of Deposit	\$ 1,115,491	\$ 1,122,783	\$ 7,292
Fixed Income Securities	239,112	239,882	770
Equity Securities	772,247	1,519,420	747,173
Exchange-Traded Products	<u>79,683</u>	<u>81,160</u>	<u>1,477</u>
	2,206,533	2,963,245	756,712
Investment in Independent Market Solutions, LLC	9,964	9,964	-
Investment in IntellAgents	42,308	42,308	-
Investment in BIRC stock	120,000	120,000	-
Investment in AVYST stock	<u>100,000</u>	<u>100,000</u>	<u>-</u>
	<u>\$ 2,478,805</u>	<u>\$ 3,235,517</u>	<u>\$ 756,712</u>

The Association invested \$120,000 in restricted Class B shares of Big I Reinsurance Company (BIRC) during 2009. The purpose of BIRC is to provide reinsurance for professional liability insurance which is written under the National Program of IIABA.

The Corporation acquired a one-third interest in Independent Market Solutions, LLC during the year ended August 31, 2015 through capital contributions, and it accounts for the investment using the equity method. The purpose of Independent Market Solutions, LLC is to facilitate the relationship between carriers desiring to write coverage and IIANC member agents that are unable to receive company appointments due to volume commitments, location or other factors. The investment is carried at cost and the aggregate carrying amount of \$9,964 as of August 31, 2019.

INDEPENDENT INSURANCE AGENTS OF NORTH CAROLINA, INC.
Notes to Consolidated Financial Statements
August 31, 2019

2. Investments (Continued)

The Association invested \$100,000 in Series B Preferred Stock of Wave Insurance Technologies, Inc. (AVYST) during the year end August 31, 2017. The purpose of AVYST is to develop a proprietary technology platform to sell to the agent channel in the property and casualty insurance industry.

The Association invested \$42,308 in 8.25 units of IntellAgents during the year ended August 31, 2019. The purpose of IntellAgents is to connect insurers' systems with best-in-class Insurtech solutions, data and AI providers, and traditional software providers to promote rapid, profitable innovation.

3. Fair Value Measurements

The Organization follows Accounting Standards Codification (ASU) 820, *Fair Value Measurements and Disclosures*, as amended, with respect to fair value measurements of its financial assets. This standard defines fair value as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The standard also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The hierarchy is broken down into three levels. Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2019. There were no transfers or reclassifications between Level 2 or Level 3 during the year ended August 31, 2019.

Equity and fixed income securities are held in a brokerage account and valued at readily available, quoted prices in principal active markets that are considered to be representative of fair value. The Organization classifies these investments within Level 1 of the valuation hierarchy.

Investment in BIRC Stock, Independent Market Solutions, LLC, AVYST Series B Preferred Stock, and IntellAgents stock, all privately held companies, are valued at historical cost. The Organization believes that the carrying amount of these investments is a reasonable estimate of their fair value. The Organization classifies these investments within Level 3 of the valuation hierarchy. There were no changes in the value of these investments for the year ended August 31, 2019.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

INDEPENDENT INSURANCE AGENTS OF NORTH CAROLINA, INC.
Notes to Consolidated Financial Statements
August 31, 2019

3. Fair Value Measurements (Continued)

In accordance with ASC 820, the tables below include the major categorization for assets on the basis of the nature and risk of the investments at August 31, 2019:

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 1,122,783	\$ 1,122,783	\$ -	\$ -
Fixed Income Securities	239,882	239,882	-	-
Equity Securities	1,519,420	1,519,420	-	-
Exchange-Traded Products	81,160	81,160	-	-
Investment Independent				
Market Solutions, LLC	9,964	-	-	9,964
Investment in IntellAgents	42,308	-	-	42,308
Investment in BIRC Stock	120,000	-	-	120,000
Investment in AVYST Stock	100,000	-	-	100,000
	<u>\$ 3,235,517</u>	<u>\$ 2,963,245</u>	<u>\$ -</u>	<u>\$ 272,272</u>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

August 31, 2018	\$ 229,964
Purchases	42,308
Investment Gain (Loss)	<u>-</u>
August 31, 2019	<u>\$ 272,272</u>

Management has estimated that the fair values of cash, accounts receivable, prepaid expenses, accounts payable, and accrued expenses to be approximately their respective carrying values reported on these statements because of their short maturities.

4. Related Party Transactions

The Organization shares a common board of directors with North Carolina Association of Insurance Agents, Inc. (NCAIA). The Organization provides all administrative services for NCAIA based on a pro rata sharing of expenses. NCAIA reimbursed the Organization \$1,157,179 for salaries and benefits and \$357,350 for administrative expense for the year ended August 31, 2019. Amounts receivable from NCAIA at August 31, 2019 totaled \$532,225.

The Organization received payments or pledges from NCAIA totaling \$675,000 for the year ended August 31, 2019. These payments were made to the Organization as part of NCAIA's discretionary funding of educational and risk reduction programs.

The Association and NCAIA purchased land and constructed an office building, which was occupied in October 2001. The Association owns 53.3% of the land, building, and improvements.

INDEPENDENT INSURANCE AGENTS OF NORTH CAROLINA, INC.
Notes to Consolidated Financial Statements
August 31, 2019

4. Related Party Transactions (Continued)

The Association is related by board governance with N.C. Small Business PAC (Political Action Committee) of Independent Insurance Agents of North Carolina, Inc. No transactions between the PAC and the Organization occurred during the year ended August 31, 2019.

The Association is related by board governance with IIANC Independent Expenditure PAC (Political Action Committee). The Association contributed \$0 to the PAC during the year ended August 31, 2019.

5. Liquidity and Availability

The Association manages its liquid resources by focusing on fundraising efforts to ensure the Association has adequate contributions and grants to cover the programs that are being conducted. The Association also receives patient service reimbursements to cover the services provided. The Association prepares detailed budgets and has been active in cutting costs to ensure the entity remains liquid.

The Association's financial assets as of August 31, 2019 expected to be available within one year to meet the cash needs for general expenditures comprise the following:

Cash and Cash Equivalents	\$ 4,290,405
Investments	2,963,245
Accounts Receivable	187,383
Due from NCAIA	<u>532,225</u>
Financial assets, at year end	7,973,258
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	1,314,955
Amount unavailable to management without Board approval:	
Board designated	<u>62,741</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 6,595,562</u></u>

6. Net Assets

Net assets with donor restrictions are restricted for the following purposes or period as of August 31, 2019:

NCAIA Scholarship and Education Awards	\$ 733,304
Operation Edith/Public Service Announcements	375,000
Distracted Driving	200,000
Other Scholarship and Education Awards	<u>6,651</u>
	<u>\$ 1,314,955</u>

Net assets without donor restrictions are composed of the following as of August 31, 2019:

Undesignated	\$ 7,009,822
Board designated in case of a catastrophe	<u>62,741</u>
	<u><u>\$ 7,072,563</u></u>

INDEPENDENT INSURANCE AGENTS OF NORTH CAROLINA, INC.
Notes to Consolidated Financial Statements
August 31, 2019

7. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions are as follows:

Operation Edith/Public Service Announcements	\$ <u>369,603</u>
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8. Retirement Benefits

The Organization maintains a defined contribution plan for its employees. All employees are eligible to participate in this plan after twelve months of service. The Organization matches up to 50% of a 3% deferral by the employee as well as making employer contributions. The contributions for the year ended August 31, 2019 totaled \$164,424.

9. Concentrations of Credit Risk

The Organization maintains cash balances at various financial institutions. The balances in the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 at August 31, 2019. As of August 31, 2019, the Organization exceeded these insured limits by approximately \$2,380,815.

The Organization also maintains money market accounts as part of their investment portfolio that are protected by the Securities Investor Protection Corporation (SIPC). The SIPC insures against the loss or theft of securities as well as the failure or insolvency of a brokerage firm. The insurance does not apply to losses related to market risk or fraud. The limits of protection extend up to \$500,000 for securities. The Organization had approximately \$1,431,754 in excess of the SIPC insured limits for securities as of August 31, 2019.

10. Other Commitments

The Association enters into various contracts for future meetings and conventions with hotels and convention centers. At August 31, 2019, the Association had commitments totaling approximately \$287,886.

11. Subsequent Events

The Organization evaluated its August 31, 2019 consolidated financial statements for subsequent events through February 5, 2020, which is the date the consolidated financial statements were issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements.