

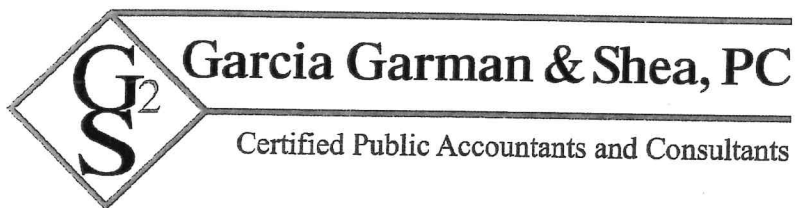
EBENEZER FIRE COMPANY

FINANCIAL STATEMENTS

DECEMBER 31, 2022

EBENEZER FIRE COMPANY
FINANCIAL STATEMENTS
DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Ebenezer Fire Company
Lebanon, Pennsylvania

Opinion

We have audited the accompanying financial statements of Ebenezer Fire Company (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – income tax basis as of December 31, 2022, and the related statements of revenues, expenses and changes in net assets – income tax basis, functional expenses – income tax basis, and cash flows – income tax basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Ebenezer Fire Company as of December 31, 2022, and its revenues, expenses, changes in net assets, and cash flows for the year then ended in accordance with the basis of accounting Ebenezer Fire Company uses for income tax purposes described in Note 1.

Basis for Opinion

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

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting Ebenezer Fire Company uses for income tax purposes, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the income tax basis of accounting as described in Note 1; this includes determining that the income tax 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ebenezer Fire Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ebenezer Fire Company's ability to continue as a going concern for a reasonable period of time.

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

Garcia Garman & Shea, PC

Lebanon, Pennsylvania
June 13, 2023

EBENEZER FIRE COMPANY
STATEMENT OF ASSETS, LIABILITES AND NET ASSETS
- INCOME TAX BASIS
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 189,943
Total current assets	189,943
PROPERTY AND EQUIPMENT	
Buildings	47,162
Property improvements	9,054
Fire fighting equipment	958,300
	1,014,516
Less accumulated depreciation	(619,171)
Total property and equipment, net	395,345
Total assets	\$ 585,288

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Current portion of loans payable	\$ 24,705
Total current liabilities	24,705
LONG TERM LIABILITIES	
Loans payable	401,869
Total long term liabilities	401,869
Total liabilities	426,574
NET ASSETS	
Without donor restriction	
Undesignated	158,714
Total net assets	158,714
Total liabilities and net assets	\$ 585,288

See accompanying notes to financial statements

EBENEZER FIRE COMPANY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - INCOME TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS
SUPPORT AND REVENUES

Fund drive and contributions	\$ 18,021
Fundraising income	7,213
North Lebanon Township contributions	108,000
Grants	20,147
Rental income	13,925
Dues	149
Insurance reimbursement	3,083
Interest income	55
Other income	2,450
	173,043
Total revenue without donor restrictions	173,043

EXPENSES WITHOUT DONOR RESTRICTIONS

Program expense	258,781
Supporting services expense	1,491
Fundraising expense	9,022
	269,294
Total expenses without donor restrictions	269,294

Change in net assets	(96,251)
Net assets, beginning	254,965
	254,965
Net assets, ending	\$ 158,714

See accompanying notes to financial statements

EBENEZER FIRE COMPANY
STATEMENT OF FUNCTIONAL EXPENSES - INCOME TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Emergency Services	Management and General	Fundraising	Total
UNRESTRICTED EXPENSES				
Advertising	\$ 352	\$ -	\$ -	\$ 352
Accounting and legal	-	550	-	550
Administrative	-	100	-	100
Bank fees	-	145	-	145
Depreciation	191,514	-	-	191,514
Fundraising	-	-	5,297	5,297
Insurance	3,712	-	-	3,712
Interest expense	23,891	-	-	23,891
Internet and cable	1,117	-	-	1,117
Miscellaneous and license	880	-	-	880
Office supplies and equipment	-	696	-	696
Rental expense	-	-	3,725	3,725
Repairs and maintenance, building	4,616	-	-	4,616
Repairs and maintenance, equipment	15,004	-	-	15,004
Supplies	845	-	-	845
Telephone	1,563	-	-	1,563
Training and subscriptions	1,595	-	-	1,595
Uniforms	243	-	-	243
Utilities	13,449	-	-	13,449
Total unrestricted expenses	<u>\$ 258,781</u>	<u>\$ 1,491</u>	<u>\$ 9,022</u>	<u>\$ 269,294</u>

See accompanying notes to financial statements

EBENEZER FIRE COMPANY
STATEMENT OF CASH FLOWS - INCOME TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets without donor restriction	\$ (96,251)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	<u>191,514</u>
Net cash provided by operating activities	<u>95,263</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(32,956)</u>
Net cash (used in) investing activities	<u>(32,956)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on loans	<u>(48,250)</u>
Net cash (used in) financing activities	<u>(48,250)</u>
Net changes in cash and cash equivalents	14,057
Cash and cash equivalents, beginning	<u>175,886</u>
Cash and cash equivalents, ending	<u><u>\$ 189,943</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Cash paid during the year for interest	<u><u>\$ 23,891</u></u>

See accompanying notes to financial statements

EBENEZER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Nature of Activities

Ebenezer Fire Company (the Organization) was organized in 1946 to provide fire protection for the residents of Ebenezer and vicinity, and to purchase and maintain fire apparatus and equipment to save life and property. The Organization promotes moral culture and social activities not detrimental to the general public with the community hall facilities.

Representations

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity.

Basis of Accounting

The Organization prepares its financial statement on the income tax basis of accounting, which is another comprehensive basis of accounting. The modified cash basis of accounting recognizes income when received and expenses when they are paid. This method of accounting differs from generally accepted accounting principles primarily because revenue earned but not received and expenses incurred but not paid at the date of the financial statement are not reported, and purchases of fixed assets have been recorded. The effect of this departure from generally accepted accounting principles has not been determined.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consist of cash held in checking and savings accounts held at a local FDIC-insured bank, Jonestown Bank and Trust (JBT).

Basis of Presentation

Nets assets, revenue, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follow:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restriction – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

EBENEZER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(Continued)*

Property and Equipment

Properties are carried at cost less accumulated depreciation. It is the policy of the Organization to charge all additions to the asset account and charge the cost of repairs and maintenance to operations in the year incurred. The asset and accumulated depreciation accounts are relieved when properties are disposed of. The depreciation and accumulated depreciation accounts reflect the depreciation used for income tax reporting.

Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives by asset class are as follows:

Buildings	39 years
Property improvements	15 years
Firefighting equipment	5 years

Concentration of Risk

The Organization maintains its cash accounts in commercial financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts at financial institutions up to \$250,000 per institution. The Organization has accounts at a financial institution that from time to time may exceed the insurance obtained through FDIC.

Use of Estimates

The preparation of financial statements in conformity with the income tax basis of accounting requires management to make estimates and assumptions that affected certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising

The Organization follows the policy of charging the costs of non-direct response advertising to expense as incurred. Advertising expense for the year ended December 31, 2022 was \$352 and is included in advertising on the statement of functional expenses.

Donated Services

Various individuals volunteer hours for the Organization. In accordance with requirements of Financial Accounting Standards Board FASB ASC 958-605-25-16, no amounts have been reflected in the financial statements for those services because they do not meet the criteria for contributed services and would not be recognized under the income tax basis of accounting.

EBENEZER FIRE COMPANY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(Continued)*

Income Taxes

The Organization is exempt from state and federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is made in the financial statements. The Financial Accounting Standards Board issued FASB ASC 740-10, which prescribed a comprehensive model for how an organization should measure, recognize, present, and disclose uncertain tax positions taken on its tax return. The Organization believes that it has appropriate support for tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

Program Services/Functional Allocation of Expenses

The following is a summary of the Organization’s program services which it provides to the community:

Program Services

Provides firefighting services for the community.

Support Services

Management and General – Deals with the day-to-day administrative operations of the Fire Company.

Fundraising – Conduct annual appeals and fundraising events in order to raise necessary funds to help support the Fire Company.

All expenses are directly allocated to these categories based on actual amounts incurred.

NOTE 2 – LIQUIDITY AND AVAILABILTY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Apparatus fund	\$	50,245
Checking		88,076
Fund drive		18,912
Grant fund		10,542
Savings		22,168
		22,168
 Total cash and cash equivalents	 \$	 189,943
		189,943

EBENEZER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

December 31, 2022	Cost	Accumulated Depreciation	Net
Buildings	\$ 47,162	\$ 22,473	\$ 24,689
Property improvement	9,054	342	8,712
Firefighting equipment	958,300	596,356	361,944
	<u>\$ 1,014,516</u>	<u>\$ 619,171</u>	<u>\$ 395,345</u>

NOTE 4 – LONG-TERM DEBT

On January 24, 2020, the Organization signed a \$294,820 promissory note with an interest rate of 3.971% payable to KS StateBank. The note is secured by the 2021 Pierce Saber Pumper. The note matures January 24, 2035.

On March 24, 2021, the Organization signed a \$200,000 promissory note with an interest rate of 2.00% payable to the Commonwealth of PA. The note is secured by the 2021 Pierce Saber Pumper. The note matures May 1, 2041.

Activity on the notes during 2022 follows:

	2021	Additions	Payments	2022	Current
Note payable,					
KS StateBank	\$ 279,709	\$ -	\$ 39,935	\$ 239,774	\$ 8,471
Commonwealth of PA	195,115	-	8,315	186,800	16,234
Total	<u>\$ 474,824</u>	<u>\$ -</u>	<u>\$ 48,250</u>	<u>\$ 426,574</u>	<u>\$ 24,705</u>

The combined interest and debt service requirements for the following years ending December 31, amount to:

December 31,	Principal	Interest	Total
2023	\$ 24,705	\$ 9,638	\$ 34,343
2024	25,468	9,045	34,513
2025	26,257	8,431	34,688
2026	27,071	7,794	34,865
2027	27,913	7,135	35,048
Thereafter	295,160	30,241	325,401
Total	<u>\$ 426,574</u>	<u>\$ 72,284</u>	<u>\$ 498,858</u>

EBENEZER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 – RESTATEMENT

The beginning balances of firefighting equipment, accumulated depreciation, loan payable, and net assets were restated to correct the recording of fixed assets and loans on asset purchases. The effect of the restatement was to decrease beginning net assets by \$35,119.

NOTE 6 - SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through June 13, 2023, the date of this report, which is the date on which the financial statements were available to be issued.