

EBENEZER FIRE COMPANY
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 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 statements of assets, liabilities, and net assets – income tax basis as of December 31, 2023 and 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 years 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, 2023 and 2022, and its revenues, expenses, changes in net assets, and cash flows for the years 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.

In preparing the financial statements, management is required to evaluate whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about Ebenezer Fire Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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
May 14, 2024

EBENEZER FIRE COMPANY
STATEMENTS OF ASSETS, LIABILITES AND NET ASSETS - INCOME TAX BASIS
DECEMBER 31, 2023 AND 2022

	<u>ASSETS</u>	
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 109,714	\$ 189,943
Certificates of deposit	25,497	-
Total current assets	135,211	189,943
PROPERTY AND EQUIPMENT		
Buildings	47,162	47,162
Property improvements	11,052	9,054
Fire fighting equipment	958,300	958,300
	1,016,514	1,014,516
Less accumulated depreciation	(812,810)	(619,171)
Total property and equipment, net	203,704	395,345
Total assets	\$ 338,915	\$ 585,288

See accompanying notes to financial statements

EBENEZER FIRE COMPANY
 STATEMENTS OF ASSETS, LIABILITES AND NET ASSETS - INCOME TAX BASIS *(Continued)*
 DECEMBER 31, 2023 AND 2022

LIABILITIES AND NET ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Current portion of loans payable	\$ 25,468	\$ 24,705
Total current liabilities	<u>25,468</u>	<u>24,705</u>
LONG TERM LIABILITIES		
Loans payable	<u>361,937</u>	<u>401,869</u>
Total long term liabilities	<u>361,937</u>	<u>401,869</u>
Total liabilities	<u>387,405</u>	<u>426,574</u>
NET ASSETS/(DEFICIT)		
Without donor restriction		
Undesignated	<u>(48,490)</u>	<u>158,714</u>
Total net assets/(deficit)	<u>(48,490)</u>	<u>158,714</u>
Total liabilities and net assets/(deficit)	<u>\$ 338,915</u>	<u>\$ 585,288</u>

See accompanying notes to financial statements

EBENEZER FIRE COMPANY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - INCOME TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUES		
Fund drive and contributions	\$ 18,739	\$ 18,021
Fundraising income	11,807	7,213
North Lebanon Township contributions	78,000	108,000
Commonwealth of PA contributions	12,844	15,000
Grants	5,297	5,147
Rental income	10,250	13,925
Dues	138	149
Insurance reimbursement	-	3,083
Interest income	576	55
Other income	1,566	2,450
	139,217	173,043
EXPENSES WITHOUT DONOR RESTRICTIONS		
Program expense	333,268	258,781
Supporting services expense	950	1,491
Fundraising expense	12,203	9,022
	346,421	269,294
Change in net assets	(207,204)	(96,251)
Net assets, beginning	158,714	254,965
Net assets/(deficit), ending	\$ (48,490)	\$ 158,714

See accompanying notes to financial statements

EBENEZER FIRE COMPANY
STATEMENTS OF FUNCTIONAL EXPENSES - INCOME TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Emergency Services	Management and General	Fundraising	Total
UNRESTRICTED EXPENSES				
Advertising	\$ -	\$ -	\$ -	\$ -
Accounting and legal*	-	100	-	100
Administrative	-	100	-	100
Bank fees	-	55	-	55
Depreciation	193,639	-	-	193,639
Fundraising	-	-	9,903	9,903
Insurance	9,092	-	-	9,092
Interest expense	12,973	-	-	12,973
Internet and cable	1,412	-	-	1,412
Miscellaneous and license	1,238	-	-	1,238
Office supplies and equipment	-	695	-	695
Rental expense	-	-	2,300	2,300
Repairs and maintenance, building	63,846	-	-	63,846
Repairs and maintenance, equipment	36,547	-	-	36,547
Supplies	384	-	-	384
Telephone	2,443	-	-	2,443
Training and subscriptions	2,645	-	-	2,645
Uniforms	463	-	-	463
Utilities	8,586	-	-	8,586
Total unrestricted expenses	<u>\$ 333,268</u>	<u>\$ 950</u>	<u>\$ 12,203</u>	<u>\$ 346,421</u>

*See footnote #1 regarding in-kind payment of audit fee.

See accompanying notes to financial statements

EBENEZER FIRE COMPANY
STATEMENTS OF FUNCTIONAL EXPENSES - INCOME TAX BASIS *(Continued)*
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
STATEMENTS OF CASH FLOWS - INCOME TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets without donor restriction	\$ (207,204)	\$ (96,251)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	193,639	191,514
	(13,565)	95,263
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,998)	(32,956)
Purchase of investments	(25,497)	-
	(27,495)	(32,956)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on loans	(39,169)	(48,250)
	(39,169)	(48,250)
Net changes in cash and cash equivalents	(80,229)	14,057
Cash and cash equivalents, beginning	189,943	175,886
Cash and cash equivalents, ending	\$ 109,714	\$ 189,943
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 12,973	\$ 23,891

See accompanying notes to financial statements

EBENEZER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 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 income tax 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.

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 Restriction – 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.

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).

EBENEZER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 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 years ended December 31, 2023 and 2022 was \$0 and \$352, respectively, 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 criterion for contributed services and would not be recognized under the income tax basis of accounting. During 2023 North Lebanon Township paid the audit fee of \$2,500 for the Organization's 2022 audit preparation. No amounts have been reflected in the financial statements for this in-kind payment.

EBENEZER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 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 AVAILABILITY

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:

	2023	2022
Apparatus fund	\$ 25,264	\$ 50,245
Checking	43,377	88,076
Fund drive	15,186	18,912
Grant fund	3,598	10,542
Savings	22,289	22,168
Total cash and cash equivalents	\$ 109,714	\$ 189,943

EBENEZER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 – CERTIFICATE OF DEPOSIT

The Organization holds a certificate of deposit from Jonestown Bank and Trust which matures July 2024 at an interest rate of 3.93%.

NOTE 4 – FAIR VALUE MEASUREMENT

Financial Accounting Standards Board FASB ASC 820-10 (formerly FASB Statement No. 157, *Fair Value Measurements*), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization invests in CDs traded in the financial markets. Those CDs and U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2. The Organization has no Level 1 or 3 investments.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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.

EBENEZER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4 – FAIR VALUE MEASUREMENT *(Continued)*

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of December 31, 2023 and 2022, respectively:

		<u>Fair Value Measurement at Report Date Using</u>		
		Quoted		
		Prices in	Significant	
		Active Markets	Other	Significant
		for Identical	Unobservable	Unobservable
		Assets	Inputs	Inputs
December 31, 2023	Total	(Level 1)	(Level 2)	(Level 3)
Certificates of deposit	\$ 25,497	\$ -	\$ 25,497	\$ -

		<u>Fair Value Measurement at Report Date Using</u>		
		Quoted		
		Prices in	Significant	
		Active Markets	Other	Significant
		for Identical	Unobservable	Unobservable
		Assets	Inputs	Inputs
December 31, 2022	Total	(Level 1)	(Level 2)	(Level 3)
Certificates of deposit	\$ -	\$ -	\$ -	\$ -

EBENEZER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

December 31, 2023	Cost	Accumulated Depreciation	Net
Buildings	\$ 47,162	\$ 23,682	\$ 23,480
Property improvement	11,052	1,112	9,940
Firefighting equipment	958,300	788,016	170,284
	<u>\$ 1,016,514</u>	<u>\$ 812,810</u>	<u>\$ 203,704</u>

December 31, 2022	Cost	Accumulated Depreciation	Net
Building and improvements	\$ 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 6 – 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 2023 and 2022 follows:

	2022	Additions	Payments	2023	Current
Note payable,					
KS StateBank	\$ 239,774	\$ -	\$ 30,686	\$ 209,088	\$ 16,826
Commonwealth of PA	186,800	-	8,483	178,317	8,642
	<u>\$ 426,574</u>	<u>\$ -</u>	<u>\$ 39,169</u>	<u>\$ 387,405</u>	<u>\$ 25,468</u>

EBENEZER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 6 – LONG-TERM DEBT *(Continued)*

	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	 \$ 474,824	 \$ -	 \$ 48,250	 \$ 426,574	 \$ 24,705

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

December 31,	Principal	Interest	Total
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
2028	28,782	6,451	35,233
Thereafter	251,914	23,790	275,704
 Total	 \$ 387,405	 \$ 62,646	 \$ 450,051

NOTE 7 – RESTATEMENT

The beginning December 31, 2022 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 December 31, 2022 net assets by \$35,119.

NOTE 8 – COMMITMENT AND CONTINGENCIES

The Organization receives a significant portion (65% at December 31, 2023 and 71% at December 31, 2022) of its support from state and local governments. A significant reduction in this level of support, if this were to occur, would have an impact on the Organization’s ability to perform its programs and services.

NOTE 9 - SUBSEQUENT EVENTS

The Organization’s management has evaluated subsequent events through May 14, 2024, the date of this report, which is the date on which the financial statements were available to be issued.