

TABERNACLE RESCUE SQUAD, INC.

Financial Statements

For the years ended December 31, 2016 and 2015

(With Independent Auditor's Report Thereon)

TABERNACLE RESCUE SQUAD, INC.
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For the years ended December 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

To the Officers and Members of
Tabernacle Rescue Squad, Inc.

We have audited the accompanying financial statements of Tabernacle Rescue Squad, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – cash basis as of December 31, 2016 and 2015, and the related statements of support, revenue, and expenses – cash basis, functional expenses – cash basis, and cash flows for the years 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 cash basis of accounting as described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis in 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 audits. We conducted our audits 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 whether the financial statements are free from 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 auditors' 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 entity'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 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 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 above present fairly, in all material respects, the assets, liabilities, and net assets of Tabernacle Rescue Squad, Inc. as of December 31, 2016 and 2015, and its changes in net assets and its cash flows for the years then ended, in accordance with the 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 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 that matter.

HOLMAN FRENIA ALLISON PC
HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

September 18, 2017
Toms River, New Jersey

TABERNACLE RESCUE SQUAD, INC.
Statements of Assets, Liabilities, and Net Assets - Cash Basis
December 31, 2016 and 2015

ASSETS	2016	2015
Cash-unrestricted	\$ 202,736	\$ 227,680
Cash-board designated	129,600	26,006
Total assets	\$ 332,336	\$ 253,686

LIABILITIES AND NET ASSETS

Net assets:		
Unrestricted:		
Board designated	\$ 129,600	\$ 26,006
Unrestricted	202,736	227,680
Total net assets	\$ 332,336	\$ 253,686

The accompanying notes to the financial statements are an integral part of this statement.

TABERNACLE RESCUE SQUAD, INC.
Statements of Support, Revenue, and Expenses - Cash Basis
For the years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Contributions from Tabernacle Township	\$ 39,595	\$ 70,255
Training	210	-
Donations	13,585	6,365
Medical billings	244,422	234,271
Donation drive	25,933	8,337
Fundraising	5,851	4,154
Miscellaneous	243	2,144
Total operating revenues	<u>329,839</u>	<u>325,526</u>
Functional expenses:		
Program- EMS Operations	180,819	301,695
Management and general	30,941	23,392
Program- general	33,649	37,226
Fundraising	6,790	2,099
Total functional expenses	<u>252,199</u>	<u>364,412</u>
Operating income/(loss)	<u>77,640</u>	<u>(38,886)</u>
Non-operating revenues:		
Interest and dividends on investments	1,010	793
Total non-operating revenues	<u>1,010</u>	<u>793</u>
Changes in unrestricted net assets	78,650	(38,093)
Unrestricted net assets, beginning of year	<u>253,686</u>	<u>291,779</u>
Unrestricted net assets, end of year	<u><u>\$ 332,336</u></u>	<u><u>\$ 253,686</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

TABERNACLE RESCUE SQUAD, INC.
Statement of Functional Expenses - Cash Basis
For the year ended December 31, 2016

	Program Expenses - General	Program Expenses - EMS Operations	Management and General	Fundraising Expenses	Total
Reimbursement Plan	\$ -	\$ 76,158	\$ -	\$ -	\$ 76,158
Equipment purchases	-	43,223	-	-	43,223
Electric	21,610	-	-	-	21,610
Medical billing fees	-	17,895	-	-	17,895
Vehicle repairs	-	16,335	-	-	16,335
Training	-	15,129	-	-	15,129
Professional fees	-	-	10,453	-	10,453
Computer related	548	-	9,048	-	9,596
Special event	-	-	8,546	-	8,546
Janitorial services	-	5,550	-	-	5,550
Uniforms	-	5,410	-	-	5,410
Building repairs and maintenance	4,471	-	-	-	4,471
Fundraising	-	-	-	3,866	3,866
Donation drive	-	-	-	2,924	2,924
Telephone	2,638	-	-	-	2,638
Insurance	2,284	-	-	-	2,284
Miscellaneous	345	-	1,630	-	1,975
Convention	1,698	-	-	-	1,698
Equipment maintenance	-	1,119	-	-	1,119
Goods and welfare	-	-	829	-	829
Dues	-	-	435	-	435
State licensing	55	-	-	-	55
Totals	<u>\$ 33,649</u>	<u>\$ 180,819</u>	<u>\$ 30,941</u>	<u>\$ 6,790</u>	<u>\$ 252,199</u>

The accompanying notes to the financial statements are an integral part of this statement.

TABERNACLE RESCUE SQUAD, INC.
Statement of Functional Expenses - Cash Basis
For the year ended December 31, 2015

	Program Expenses - General	Program Expenses - EMS Operations	Management and General	Fundraising Expenses	Total
Ambulance Purchase	\$ -	\$ 110,543	\$ -	\$ -	\$ 110,543
Reimbursement Plan	-	73,327	-	-	73,327
Equipment purchases	-	57,956	-	-	57,956
Electric	22,380	-	-	-	22,380
Medical billing fees	-	18,717	-	-	18,717
Training	-	11,694	-	-	11,694
Vehicle repairs	-	11,347	-	-	11,347
Special event	-	-	6,868	-	6,868
Miscellaneous	1,468	-	4,425	-	5,893
Medical supplies	-	5,746	-	-	5,746
Legal fees - OPRA litigation	-	-	5,582	-	5,582
Equipment maintenance	-	5,474	-	-	5,474
Building repairs and maintenance	4,817	-	-	-	4,817
Uniforms	-	3,715	-	-	3,715
Professional fees	-	-	2,968	-	2,968
Computer related	675	-	2,242	-	2,917
Telephone	2,764	-	-	-	2,764
Janitorial services	-	2,720	-	-	2,720
Insurance	2,059	-	-	-	2,059
Convention	1,827	-	-	-	1,827
Fundraising	-	-	-	1,800	1,800
Goods and welfare	-	-	942	-	942
State licensing	935	-	-	-	935
Rescue supplies	-	456	-	-	456
Dues	-	-	365	-	365
Postage	301	-	-	-	301
Donation drive	-	-	-	299	299
	<u>\$ 37,226</u>	<u>\$ 301,695</u>	<u>\$ 23,392</u>	<u>\$ 2,099</u>	<u>\$ 364,412</u>

The accompanying notes to the financial statements are an integral part of this statement.

TABERNACLE RESCUE SQUAD, INC.
Statements of Cash Flows
For the years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash received from contributions	\$ 39,805	\$ 70,255
Other operating receipts	290,034	255,271
Cash paid to suppliers	<u>(252,199)</u>	<u>(364,412)</u>
Net cash provided/(used) by operating activities	<u>77,640</u>	<u>(38,886)</u>
Cash flows from investing activities:		
Interest received	<u>1,010</u>	<u>793</u>
Net cash provided by investing activities	<u>1,010</u>	<u>793</u>
Change in cash	78,650	(38,093)
Cash, beginning of year	<u>253,686</u>	<u>291,779</u>
Cash, end of year	<u><u>\$ 332,336</u></u>	<u><u>\$ 253,686</u></u>
Reconciliation of changes in net assets to net cash used by operating activities:		
Changes in net assets	<u>\$ 77,640</u>	<u>\$ (38,886)</u>
Net cash provided/(used) by investing activities	<u><u>\$ 77,640</u></u>	<u><u>\$ (38,886)</u></u>
Per Statements of Assets, Liabilities, and Net Assets - Cash Basis		
Cash-unrestricted	\$ 202,736	\$ 227,680
Cash-board designated	<u>129,600</u>	<u>26,006</u>
Cash, end of year	<u><u>\$ 332,336</u></u>	<u><u>\$ 253,686</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

TABERNACLE RESCUE SQUAD, INC.
Notes to Financial Statements
For the years ended December 31, 2016 and 2015

NOTE 1: ORGANIZATION AND PURPOSE

Tabernacle Rescue Squad, Inc., (the "Organization") was incorporated as a nonprofit corporation under the laws of the State of New Jersey. The purpose of the Organization is to provide emergency and non-emergency ambulance service to residents of Tabernacle Township, New Jersey.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Tabernacle Rescue Squad, Inc. have been prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below.

A. Basis of Presentation

The Organization records its financial activity on a cash basis. This method recognizes income as it is received and expenses as they are disbursed. Receivables and payables are omitted from the financial statements, and therefore, they do not present financial position or the results of operations in accordance with generally accepted accounting principles.

Tabernacle Rescue Squad, Inc. is required to report information regarding its financial position and activities that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions, as follows:

- Unrestricted net assets - net assets that are not subject to donor imposed restrictions. These assets may, however, be subjected to Board designation.
- Temporarily restricted net assets - net assets subject to donor imposed restrictions that will be met by the passage of time or purpose. As of December 31, 2016 and 2015, there were no temporarily restricted net assets.
- Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of December 31, 2016 and 2015, there were no permanently restricted net assets.

B. Cash and Cash Equivalents

The Organization maintains cash balances at various institutions located in New Jersey. Amounts of each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents.

TABERNACLE RESCUE SQUAD, INC.
Notes to Financial Statements (continued)
For the years ended December 31, 2016 and 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Cash and Cash Equivalents (continued)

The Organization's cash and cash equivalent accounts and interest bearing deposits in banks and other financial institutions may at times exceed the federally insured limits. The Organization has not experienced any losses in these accounts. Management believes that the Organization is not exposed to any significant risk on these deposits.

C. Fixed Assets

Property and equipment purchased are recorded as expenditures at the time of purchase and are not capitalized.

D. Inventories of Supplies

The cost of inventories of supplies are recorded as expenditures at the time individual items are purchased.

E. Federal and State Income Taxes

The Organization is a non-profit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, there is no provision for income taxes.

The Organization is required to file Form 990, Return of Organization Exempt from Income Tax, with the Internal Revenue Service and the New Jersey Charities Registration & Investigation Form (CRI). The Organization follows the income tax standards for uncertain tax positions. This standard had no impact on the Organization's financial statements. The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status or any activities that are subject to tax on unrelated business income taxes.

F. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

TABERNACLE RESCUE SQUAD, INC.
Notes to Financial Statements (continued)
For the years ended December 31, 2016 and 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Impact of Recently Issued Accounting Principals

Recently Issued Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers*, which is applicable for all entities that enter into contracts with customers to transfer goods and services or enter into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (for example, insurance or lease contracts). This ASU supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, the most industry-specific guidance. The core principal of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects. There are five steps to achieve this core principle. Entities can either apply this standard retrospectively to each prior reporting period presented or retrospectively apply with the cumulative effect at the date of initial application. This statement is effective for annual reporting periods beginning after December 15, 2018. Early adoption is permitted for fiscal years beginning after December 15, 2016. The Organization has not yet implemented this ASU and is currently evaluating the impact of the adoption of this standard on the financial statement and related disclosures.

In April 2015, the FASB issued ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* to simplify presentation of debt issuance costs by requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt accounts. This standard is effective for annual period ending after December 31, 2015. Implementation of this Statement did not impact the Organization’s financial statements.

In 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties About an Entity’s Ability to Continue as a Going Concern*. This guidance is intended to define management’s responsibility to evaluate whether there is substantial doubt about an organization’s ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 is effective for annual periods ending after December 15, 2016.

In February 2016, the FASB issued (ASU) 2016-02, *Leases*. The new ASU will require lessees to recognize for all leases (with terms of more than 12 months) at the commencement date the following a) a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis, and b) a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. The new lease guidance also simplified the accounting for sale and lease back transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. This standard will be effective for nonpublic businesses for fiscal years beginning after December 15, 2019. Early implementation will be permitted.

TABERNACLE RESCUE SQUAD, INC.
Notes to Financial Statements (continued)
For the years ended December 31, 2016 and 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Impact of Recently Issued Accounting Principals (continued)

The Organization has not yet implemented this ASU and is currently evaluating the impact of the adoption of this standard on the financial statement and related disclosures.

In August 2016, the FASB issued (ASU) 2016-14, *Not-for-Profit Entities: Topic 958*. The amendments in this update affect not-for-profit entity's (NFP's) and the users of their general purpose financial statements. The amendments in this update make certain improvements to the current net asset classification requirements and the information presented in financial statements and notes about a not for profit's liquidity, financial performance, and cash flows. The amendments in the ASU are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Organization has not yet implemented this ASU and is currently evaluating the impact of the adoption of this standard on the financial statement and related disclosures.

In January 2017, the FASB issued (ASU) 2017-02, *Not-for-Profit Entities – Consolidation (Subtopic 958-810)*. The amendments in this update apply to a not for profit entity that is a general partner or a limited partner of a for-profit limited partnership or a similar legal entity. These amendments clarify when a not-for-profit entity that is a general partner or a limited partner should consolidate a for-profit limited partnership or similar legal entity once the amendments in Accounting Standards Update No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*, become effective. Effective for NFP's for fiscal years beginning after December 15, 2016. The Organization has not yet implemented this ASU and is currently evaluating the impact of the adoption of this standard on the financial statement and related disclosures.

H. Subsequent Events

The Organization has evaluated subsequent events occurring after the Statements of Assets, Liabilities, and Net Assets date through the date of September 18, 2017 which is the date the financial statements were available to be issued.

NOTE 3: CASH AND CASH EQUIVALENTS

The deposits and investments held for the Organization at December 31, 2016 and 2015, and reported at fair value, are as follows:

	<u>2016</u>	<u>2015</u>
Deposits:		
Demand deposits	<u>\$ 332,332</u>	<u>\$ 253,686</u>

TABERNACLE RESCUE SQUAD, INC.
Notes to Financial Statements (continued)
For the years ended December 31, 2016 and 2015

NOTE 3: CASH AND CASH EQUIVALENTS (continued)

Reconciliation of Statements of Assets, Liabilities, and Net Assets – Cash Basis:

Current assets:		
Cash – unrestricted	\$ 202,736	\$ 227,680
Cash – board designated	<u>129,600</u>	<u>26,006</u>
Total	<u>\$ 332,336</u>	<u>\$ 253,686</u>

A. Custodial Credit Risk

Deposits in financial institutions, reported as components of cash and investments had bank balances of \$341,270 and \$253,887 at December 31, 2016 and 2015, respectively. At December 31, 2016, \$250,000 was fully insured by depository insurance and \$91,270 was uninsured. At December 31, 2014, \$188,697 was fully insured by depository insurance and \$65,190 was uninsured.

B. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash investments. At December 31, 2016 and 2015, the Organization’s investments were held by Beneficial Bank and Vanguard.

NOTE 4: CASH – BOARD DESIGNATED

These funds have been restricted by the Board of Officers for following purposes:

	<u>2016</u>	<u>2015</u>
Future equipment purchases	\$ 37,600	\$ 21,006
Future Ambulance/Vehicle purchases	76,000	-0-
Building repair/replacement fund	10,000	-0-
Computer replacement fund	<u>6,000</u>	<u>5,000</u>
Total	<u>\$ 129,600</u>	<u>\$26,006</u>

NOTE 5: MEDICAL BILLINGS

Effective February 1, 2013, the Organization began billing patients for emergency medical services. The billing rates vary depending on the type of service (medical and/or rescue) and mileage. Any billings in excess of a patient’s insurance coverage are waived for residents of the Township of Tabernacle. All patients living outside of the Township of Tabernacle are billed for the portion of services not paid for by insurance. Residents of Shamong and charity care cases are also not billed per agreements made by the board. An outside company handles the billing services and charges the Organization a commission based on the amount collected.

TABERNACLE RESCUE SQUAD, INC.
Notes to Financial Statements (continued)
For the years ended December 31, 2016 and 2015

NOTE 6: CONCENTRATION OF CONTRIBUTIONS

The Organization received approximately 13% and 22% of its annual revenue from the Tabernacle Township for the years ended December 31, 2016 and 2015, respectively.

NOTE 7: BOARD DESIGNATED NET ASSETS – EMS OPERATIONS

The Board has designated a portion of unrestricted net assets to be used for future capital purchases. Board designated net assets for the years ended December 31, 2016 and 2015 was \$129,600 and \$26,006, respectively.