TABERNACLE FIRE COMPANY NO. 1

Financial Statements

For the years ended December 31, 2017 and 2016

(With Independent Auditor's Report thereon)

TABERNACLE FIRE COMPANY NO. 1
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For the years ended December 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

To the Officers and Members of
Tabernacle Fire Company No. 1

We have audited the accompanying financial statements of Tabernacle Fire Company No. 1 (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – cash basis as of December 31, 2017 and 2016, 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 Fire Company No. 1 as of December 31, 2017 and 2016, and its support, revenue and expense, its changes in net assets, and its cash flows for the year 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, P.C.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

November 9, 2018
Toms River, New Jersey

TABERNACLE FIRE COMPANY NO. 1
Statements of Assets, Liabilities, and Net Assets - Cash Basis
December 31, 2017 and 2016

ASSETS	2017	2016
Cash	$ 93,184	$ 95,426
Total assets	$ 93,184	$ 95,426

LIABILITIES AND NET ASSETS		
Net assets:		
Unrestricted	$ 93,184	$ 95,426
Total net assets	$ 93,184	$ 95,426

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

TABERNACLE FIRE COMPANY NO. 1
Statements of Support, Revenue and Expenses - Cash Basis
For the years ended December 31, 2017 and 2016

	2017	2016
Operating revenues:		
Township contribution	$ 115,059	$ 100,511
Donations	28,379	15,227
Hall Rental	2,353	3,117
Government grants	2,626	2,626
Miscellaneous	2,854	1,827
Total operating revenues	151,271	123,308
Functional expenses:		
Program - Operations	117,666	106,812
Management and general	31,433	43,099
Fundraising	4,414	3,296
Total functional expenses	153,513	153,207
Operating income	(2,242)	(29,899)
Changes in unrestricted net assets	(2,242)	(29,899)
Unrestricted net assets, beginning of year	95,426	125,325
Unrestricted net assets, end of year	$ 93,184	$ 95,426

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

TABERNACLE FIRE COMPANY NO. 1
Statement of Functional Expenses - Cash Basis
For the year ended December 31, 2017

	Program Expenses	Management and General	Fundraising Expenses	Total
Utilities	$ 28,743	$ -	$ -	$ 28,743
Uniforms	24,935	-	-	24,935
Office Supplies	-	21,311	-	21,311
Repairs and Maintenance	21,014	-	-	21,014
Fire Prevention	15,482	-	-	15,482
Fire Equipment	15,440	-	-	15,440
Firehouse Supplies	10,920	-	-	10,920
Professional fees	-	7,035	-	7,035
Events	-	-	4,414	4,414
Membership Dues	-	1,572	-	1,572
Miscellaneous	1,132	-	-	1,132
Legal Fees	-	1,064	-	1,064
Bank fees		371	-	371
Advertising	-	80	-	80
Totals	$ 117,666	$ 31,433	$ 4,414	$ 153,513

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

TABERNACLE FIRE COMPANY NO. 1
Statement of Functional Expenses - Cash Basis
For the year ended December 31, 2016

	Program Expenses	Management and General	Fundraising Expenses	Total
Fire Equipment	$ 44,732	$ -	$ -	$ 44,732
Repairs and Maintenance	30,829	-	-	30,829
Legal Fees	-	27,417	-	27,417
Utilities	16,963	-	-	16,963
Firehouse Supplies	8,449	-	-	8,449
Office Supplies	-	5,302	-	5,302
Professional fees	-	5,152	-	5,152
Events	-	-	3,296	3,296
Advertising	-	2,826	-	2,826
Miscellaneous	2,624	-	-	2,624
Fire Prevention	1,956	-	-	1,956
Contributions	-	1,375	-	1,375
Uniforms	1,259	-	-	1,259
Membership Dues	-	1,027	-	1,027
Totals	$ 106,812	$ 43,099	$ 3,296	$ 153,207

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

TABERNACLE FIRE COMPANY NO. 1
Statements of Cash Flows
For the years ended December 31, 2017 and 2016

		2017		2016
Cash flows from operating activities:				
Cash received from contributions	$	143,438	$	115,738
Other operating receipts		7,833		7,570
Cash paid to suppliers		(153,513)		(153,207)
Net cash used by operating activities		(2,242)		(29,899)
Change in cash		(2,242)		(29,899)
Cash, beginning of year		95,426		125,325
Cash, end of year	$	93,184	$	95,426

Reconciliation of changes in net assets to net cash used by operating activities:

Change in net assets	$	(2,242)	$	(29,899)
Net cash used by operating activities	$	(2,242)	$	(29,899)

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

TABERNACLE FIRE COMPANY NO. 1
Notes to Financial Statements
For the years ended December 31, 2017 and 2016

NOTE 1: ORGANIZATION AND PURPOSE

The Tabernacle Fire Company No. 1, "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 fire prevention services to the residents of Tabernacle Township, New Jersey.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Tabernacle Fire Company No. 1, "the Organization" records its financial activity on a cash basis. This method recognizes income as it's 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 operation in accordance with generally accepted accounting principles.

B. Basis of Presentation

Tabernacle Fire Company No. 1 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. For the year ended December 31, 2017 and 2016, Tabernacle Fire Company No. 1, had accounting transactions in one of the net asset categories, 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. As of December 31, 2017 and 2016, 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, 2017 and 2016, there were no permanently restricted net assets.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated asset.

C. 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 a maturity of three months or less to be cash equivalents.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fixed Assets

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

E. 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 support, revenues, and expenses and in the statements of functional expenses.

G. Subsequent Events

The Organization has evaluated subsequent events occurring after the Statement of Assets, Liabilities, and Net Assets – Cash Basis date through the date of November 9, 2018, which is the date the financial statements were available to be issued.

H. 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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Impact of Recently Issued Accounting Principles (continued)

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 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. 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Impact of Recently Issued Accounting Principles (continued)

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. Implementation of this Statement did not impact the Organization's financial statements.

In February 2017, the FASB issued (ASU) 2017-05, *Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20).* The amendment clarifies the scope of asset derecognition guidance and accounting for partial sales of nonfinancial assets, such as intangible assets, land, buildings, materials and supplies. It is effective for annual periods beginning after December 15, 2018. An entity is required to apply the amendments in ASU 2017-05 at the same time that it applies the new revenue recognition standard (see ASU 2014-09 above). 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.

TABERNACLE FIRE COMPANY NO. 1
Notes to Financial Statements (continued)
For the years ended December 31, 2017 and 2016

NOTE 3: CASH

The deposits held by Tabernacle Fire Company No. 1 at December 31, 2017 and 2016, reported at fair value, are as follows:

	2017	2016
Deposits:		
Demand deposits	$ 93,184	$ 95,426
Reconciliation to Statements of Assets, Liabilities, and Nets Assets—Cash Basis		
Current assets:		
Cash	$ 93,184	$ 95,426
	$ 93,184	$ 95,426

A. Custodial Credit Risk

Deposits in financial institutions, reported as components of cash and investments, had a bank balance of $93,184 and $95,426 at December 31, 2017 and 2016, respectively. Of the bank balance $93,184 and $95,426 was fully insured by depository insurance as of December 31, 2017 and 2016.

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, 2017 and 2016, the Organization's cash investments were held by PNC and Beneficial Bank.

NOTE 4: CONCENTRATION OF CONTRIBUTIONS

The Organization received approximately 76% and 81% of its annual revenue from the Township of Tabernacle for the years ended December 31, 2017 and 2016.