

**GREENBACK VOLUNTEER  
FIRE DEPARTMENT, INC.**  
Greenback, Tennessee

FINANCIAL STATEMENTS

For the Years Ended June 30, 2022 and 2021

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**TABLE OF CONTENTS**

	Page
ROSTER OF OFFICIALS .....	1
INDEPENDENT AUDITORS' REPORT .....	2 – 3
FINANCIAL STATEMENTS:	
Statements of Financial Position.....	4
Statements of Activities .....	5
Statements of Functional Expenses .....	6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8 – 11
SUPPLEMENTARY INFORMATION:	
Schedule of Fire Protection Rates.....	12
Schedule of Insurance Coverage.....	13

**GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.**

Greenback, Tennessee

**FINANCIAL STATEMENTS**

For the Years Ended June 30, 2022 and 2021

**ROSTER OF OFFICIALS**

**OFFICERS**

Ronnie Lett, President

Karen Gribble, Secretary and Treasurer

**DIRECTORS**

Brad Lett

Darrell Wilkerson

Whit Johnston

Chase Wilkerson

Brian Johnson



# Whitlock & Company, P.C.

Certified Public Accountants

To the Directors of  
Greenback Volunteer Fire Department, Inc.  
Greenback, Tennessee

## **Opinion**

We have audited the accompanying financial statements of Greenback Volunteer Fire Department, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows 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 financial position of Greenback Volunteer Fire Department, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Basis for Opinion**

We conducted our audits 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 Greenback Volunteer Fire Department, Inc. and to meet our other 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.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 conditions or events, considered in the aggregate, that raise substantial doubt about Greenback Volunteer Fire Department, Inc.'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, including omissions, 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 Greenback Volunteer Fire Department, Inc.'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 Greenback Volunteer Fire Department, Inc.'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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Fire Protection Rates and Insurance Coverage are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Whitlock & Company, PC*

Alcoa, Tennessee

October 6, 2022

**GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.**

Greenback, Tennessee

**STATEMENTS OF FINANCIAL POSITION**

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents .....	\$ 238,729	\$ 136,448
Prepaid insurance .....	<u>11,179</u>	<u>11,179</u>
Total Current Assets .....	<u>249,908</u>	<u>147,627</u>
PROPERTY AND EQUIPMENT		
Land.....	20,086	20,086
Building improvements .....	158,898	158,898
Equipment .....	<u>1,528,984</u>	<u>1,569,879</u>
	1,707,968	1,748,863
Less: Accumulated depreciation.....	<u>(1,439,555)</u>	<u>(1,435,440)</u>
Net Fixed Assets .....	<u>268,413</u>	<u>313,423</u>
TOTAL ASSETS.....	<u>\$ 518,321</u>	<u>\$ 461,050</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,527	\$ 8,420
Capital lease obligation current portion .....	<u>21,775</u>	<u>20,889</u>
Total Current Liabilities .....	<u>23,302</u>	<u>29,309</u>
LONG-TERM LIABILITIES		
Capital lease obligation net of current portion .....	<u>46,362</u>	<u>68,137</u>
Total Liabilities.....	<u>69,664</u>	<u>97,446</u>
NET ASSETS		
Net Assets – Without donor restrictions.....	<u>448,657</u>	<u>363,604</u>
Total Net Assets.....	<u>448,657</u>	<u>363,604</u>
TOTAL LIABILITIES AND NET ASSETS.....	<u>\$ 518,321</u>	<u>\$ 461,050</u>

See accompanying independent auditors' report and notes.

**GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.**

Greenback, Tennessee

**STATEMENTS OF ACTIVITIES**

Years Ended June 30, 2022 and 2021

	<u>WITHOUT DONOR RESTRICTIONS</u>	
	<u>2022</u>	<u>2021</u>
REVENUES		
Fees from customers.....	\$ 204,311	\$ 185,919
State and local governments.....	80,750	43,250
Miscellaneous.....	33,164	-
Donations .....	<u>1,000</u>	<u>-</u>
Total Revenues .....	<u>319,225</u>	<u>229,169</u>
EXPENSES		
Program Expenses .....	187,141	167,927
Management and general.....	<u>47,031</u>	<u>68,553</u>
Total Expenses.....	<u>234,172</u>	<u>236,480</u>
Change in Net Assets – Without Donor Restrictions.....	85,053	(7,311)
Beginning Net Assets – Without Donor Restrictions .....	<u>363,604</u>	<u>370,915</u>
Ending Net Assets – Without Donor Restrictions.....	<u>\$ 448,657</u>	<u>\$ 363,604</u>

See accompanying independent auditors' report and notes.

**GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.**

Greenback, Tennessee

**STATEMENTS OF FUNCTIONAL EXPENSES**

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Program Expenses:</b>		
Fire Operations		
Supplies – Fire Operation.....	\$ 23,570	\$ 5,392
Fuel.....	<u>12,085</u>	<u>8,118</u>
Total Fire Operation.....	<u>35,655</u>	<u>13,510</u>
Station Management		
Depreciation – Building Improvements.....	3,069	3,069
Building Repairs and Maintenance.....	6,281	3,266
Utilities .....	7,508	7,216
Insurance.....	37,655	31,921
Telephone .....	<u>16,625</u>	<u>14,316</u>
Total Station Management .....	<u>71,138</u>	<u>59,788</u>
Equipment Maintenance		
Depreciation – Equipment .....	46,398	39,239
Repairs/Rental/Maintenance/Supplies.....	<u>33,950</u>	<u>55,390</u>
Total Equipment Maintenance .....	<u>80,348</u>	<u>94,629</u>
Total Program Expenses .....	<u>187,141</u>	<u>167,927</u>
<b>Management and General:</b>		
Professional Fees .....	18,500	42,855
Office Supplies .....	23,311	19,799
Dues and Memberships .....	100	110
Printing and Postage .....	1,644	1,657
Miscellaneous .....	(302)	333
Interest expense .....	<u>3,778</u>	<u>3,799</u>
Total Management & General Expenses.....	<u>47,031</u>	<u>68,553</u>
TOTAL EXPENSES.....	<u>\$ 234,172</u>	<u>\$ 236,480</u>

See accompanying independent auditors' report and notes.

**GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.**

Greenback, Tennessee

**STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from operations and others.....	\$ 319,225	\$ 229,169
Cash paid to suppliers.....	(187,560)	(184,665)
Cash paid for interest.....	<u>(3,778)</u>	<u>(3,799)</u>
Net Cash Flows Provided by Operating Activities...	<u>127,887</u>	<u>40,705</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets.....	<u>(4,717)</u>	<u>(65,000)</u>
Net Cash Flows (Used in) Provided by Investing Activities	<u>(4,717)</u>	<u>65,000</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on capital leases .....	(20,889)	(20,037)
Payments on long-term debt.....	<u>-</u>	<u>(7,884)</u>
Net Cash Flows Used in Financing Activities.....	<u>(20,889)</u>	<u>(27,921)</u>
Net Increase (Decrease) in Cash .....	102,281	(52,216)
CASH AT BEGINNING OF YEAR .....	<u>136,448</u>	<u>188,664</u>
CASH AT END OF YEAR .....	<u>\$ 238,729</u>	<u>\$ 136,448</u>
Reconciliation of change in net assets to net cash flows provided by operating activities:		
Change in net assets .....	\$ 85,053	\$ (7,311)
Adjustments to reconcile changes in net assets to net cash flows provided by operating activities:		
Depreciation .....	49,467	42,308
Loss on disposals.....	260	-
Changes in operating assets and liabilities:		
Accounts payable .....	(6,893)	8,420
Prepaid insurance .....	<u>-</u>	<u>(2,712)</u>
Net Cash Flows Provided by Operating Activities...	<u>\$ 127,887</u>	<u>\$ 40,705</u>
Supplemental disclosure of cash flow information:		
Interest paid .....	<u>\$ 3,778</u>	<u>\$ 3,799</u>

See accompanying independent auditors' report and notes.

# GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.

Greenback, Tennessee

## NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2022 and 2021

### NOTE 1 – ORGANIZATION INFORMATION

Organization – The Greenback Volunteer Fire Department, Inc. (“the Fire Department”) was established under the provisions of *Tennessee Code Annotated, “Non-Profit Corporation Act”*. The Fire Department was approved for creation on August 10, 1992 by the State of Tennessee. The Fire Department is a Public Benefit Corporation.

The Fire Department’s purpose is to coordinate the efforts of various volunteers residing in the City of Greenback and the surrounding Loudon County and Blount County area, with its activities, in order to provide the best fire protection with the equipment and personnel available.

The Fire Department was established to protect Greenback and the surrounding county area, and the homes and properties of the subscribers to the fire protection services of the Greenback Volunteer Fire Department, and the area bounded in essence by a six-mile radius from Greenback Fire Hall, from all fires of any origin, to all residents regardless of previous subscription to the fire protection service.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Fire Department’s books and records are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned regardless of when received, and expenses are recognized when incurred, regardless of when paid.

Basis of Presentation – Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Fire Department and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to grantor or donor-imposed stipulations that may or will be met, either by actions of the Fire Department and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Fire Department presently has no net assets with donor restrictions.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Fire Department considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2022 or 2021.

Contributed Services – The value of contributed services meeting the requirements for recognition in the financial statements was not subject to reasonable estimation and has not been reported in the Statement of Activities.

Estimates – The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.**

Greenback, Tennessee

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Functional Allocation of Expenses – The costs of providing various programs have been summarized on the functional basis in the Statement of Activities. Costs are allocated between management and general and program based on evaluations of related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Fire Department.

Income Taxes – The Fire Department is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and the Internal Revenue Service has determined that the Fire Department is not a private foundation under Internal Revenue Code Section 509(a). There were no unrecognized tax benefits identified or recorded as liabilities for the fiscal years 2022 and 2021.

Property, Equipment and Depreciation – Property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value at time of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted donor support. Absent donor stipulations regarding how long those donated assets must be maintained, the Fire Department reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Fire Department reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, which range from five to forty years.

Use of Restricted/Unrestricted Net Position – When an expense is incurred for purposes of both restricted and unrestricted net position is available, the Fire Department’s policy is to apply restricted net position first.

Accounting Policies for Future Pronouncements – The FASB has issued the following recent pronouncements each with effective dates for fiscal years “beginning” as noted. Management is evaluating the potential impact for each of these pronouncements for its future financial statement presentations.

ASU 2016 -02 – *Leases* – fiscal years beginning after December 15, 2021

**NOTE 3 – CONCENTRATION OF CREDIT RISK FOR DEPOSITS HELD IN BANK**

The Fire Department’s bank deposits consist of one checking account. At June 30, 2022 and June 30, 2021, the bank deposits were below the Federal Deposit Insurance Corporation insurance limits. As June 30, 2022 and 2021, the deposits on hand were \$238,729 and \$136,448, respectively.

(Continued)

**GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.**

Greenback, Tennessee

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4 – LIQUIDITY**

The Fire Department has \$238,729 of financial assets, available within one year of the balance sheet date to meet cash needs for general expenditures, consisting solely of cash. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Fire Department structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 20,086	\$ 20,086
Equipment	1,528,984	1,569,879
Building and improvements	<u>158,898</u>	<u>158,898</u>
	1,707,968	1,748,863
Less: Accumulated depreciation	<u>(1,439,555)</u>	<u>(1,435,440)</u>
Net Fixed Assets	<u>\$ 268,413</u>	<u>\$ 313,423</u>

Depreciation expense for June 30, 2022 and 2021 was \$49,467 and \$42,308, respectively.

The Fire Department disposed of assets totaling \$45,612 and \$0, respectively for the years ended June 30, 2022 and 2021. The Fire Department recognized losses on dispositions totaling \$260 and \$0, respectively for the years ended June 30, 2022 and 2021.

**NOTE 6 – REVENUES**

The Fire Department's subscribers are the main source of income. Customers pay for fire protection on an annual basis. Statements are sent to subscribers and after a period of grace, any unpaid subscriber is removed from the active listing.

**NOTE 7 – CAPITAL LEASE PAYABLE**

The Fire Department entered into an agreement with Community First National Bank for a ladder truck at a cost of \$150,000. This purchase was made by entering into a capital lease agreement which requires annual payments of \$24,667 including interest at 4.24% through November 2024. The net book value of the ladder truck at June 30, 2022 is \$90,000 (including current year depreciation of this truck of \$15,000 recorded within depreciation expense) and the outstanding principal balance at the same date is \$68,137.

(Continued)

**GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.**  
Greenback, Tennessee  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 7 – CAPITAL LEASE PAYABLE (Continued)**

Future minimum lease payments under capital leases consist of the following at June 30, 2022:

<u>Year Ended June 30</u>	<u>Amount</u>
2023	\$ 24,667
2024	24,667
2025	<u>24,667</u>
	74,001
Less amounts representing interest	<u>(5,864)</u>
	<u>\$ 68,137</u>

Interest expense for the years ended June 30, 2022 and 2021 was \$3,778 and \$3,799, respectively.

**NOTE 8 – RELATED PARTY TRANSACTIONS**

During fiscal year 2022 the Fire Department purchased from one of its directors certain services to repair and maintain its buildings as well as yard repair at a house fire site. The amount of related party transactions for the years ended June 30, 2022 and 2021 totaled \$13,440 and \$0, respectively.

**NOTE 9 – RECLASSIFICATIONS**

Certain items previously reported in the 2021 financial statements have been reclassified to facilitate the presentation in the 2022 financial statements.

**NOTE 10 – SUBSEQUENT EVENTS**

The Fire Department has evaluated subsequent events through October 6, 2022, which is the date the financial statements are available to be issued.

**SUPPLEMENTARY INFORMATION**

**GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.**

Greenback, Tennessee

**SCHEDULE OF FIRE PROTECTION RATES**

Year Ended June 30, 2022

Subscribers:

Single Residence	\$ 100 annually
Residence with two homes	\$ 180 annually
Residence with three homes	\$ 265 annually
Business	\$ 95 – \$ 500
Factory/Industry	\$ 75 – \$ 900

Non-Subscriber Calls:

Residence	\$ 2,000 plus \$1,000 per hr. after first two hours
Brush Fire	\$ 500
Car Fire	\$ 450
Fire Alarm	\$ 250
Other type not listed	Cost

Number of subscribers is approximately 1,645.

**GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.**

Greenback, Tennessee

**SCHEDULE OF INSURANCE COVERAGE**

Year Ended June 30, 2022

Type of Coverage

Comprehensive General and Automobile Liability:

Bodily Injury

General \$ 1,000,000

Auto/Medical \$ 1,000

Uninsured Motorists \$ 1,000,000

General Liability:

General \$ 3,000,000

Personal \$ 1,000,000

Medical \$ 5,000

Property and Extended Coverage:

Deductible – \$500

Building \$ 776,690

Equipment \$ 281,700

Trucks Replacement Value