

GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.

Greenback, Tennessee

FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.

Greenback, Tennessee

FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

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GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.

Greenback, Tennessee
FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

ROSTER OF OFFICIALS

OFFICERS

Ronnie Lett, President

Tom Peeler, Vice President

Karen Gribble, Secretary and Treasurer

DIRECTORS

Brad Lett

Darrell Wilkerson

Dan Glasgow

Brian Johnson



Whitlock & Company, P.C.

Certified Public Accountants

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

Report on the Financial Statements

We have audited the accompanying financial statements of Greenback Volunteer Fire Department, Inc. (a non-profit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, 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 accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 about 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 auditor's 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 financial position of Greenback Volunteer Fire Department, Inc. as of June 30, 2019 and 2018, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Roster of Officials on page 1 and the supplementary information on page 12 and page 13 is presented for purposes of additional analysis and is 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. We have applied certain limited procedures which consisted principally of inquiries of management regarding the information included. However, we did not audit the information and express no opinion on it.

Whitlock & Company, PC

Alcoa, Tennessee

September 19, 2019

GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.

Greenback, Tennessee

STATEMENTS OF FINANCIAL POSITION

For the Years Ended June 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|---|--------------------|--------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash in bank | \$ 158,863 | \$ 151,169 |
| Prepaid insurance | <u>8,945</u> | <u>9,424</u> |
| Total Current Assets | <u>167,808</u> | <u>160,593</u> |
| FIXED ASSETS | | |
| Land..... | 20,086 | 20,086 |
| Building and improvements | 158,898 | 158,898 |
| Equipment | 1,504,879 | 1,324,680 |
| Less: Accumulated depreciation..... | <u>(1,353,178)</u> | <u>(1,305,321)</u> |
| Net Fixed Assets | <u>330,685</u> | <u>198,343</u> |
| TOTAL ASSETS..... | <u>\$ 498,493</u> | <u>\$ 358,936</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Capital lease obligation current portion | \$ 19,222 | \$ - |
| Current portion of long-term debt | 12,442 | 9,587 |
| LONG-TERM LIABILITIES | | |
| Capital lease obligation net of current portion | 109,064 | - |
| Note payable | <u>17,148</u> | <u>26,986</u> |
| Total Liabilities..... | 157,876 | 36,573 |
| NET ASSETS – Without donor restrictions | <u>340,617</u> | <u>322,363</u> |
| TOTAL LIABILITIES AND NET ASSETS..... | <u>\$ 498,493</u> | <u>\$ 358,936</u> |

See accompanying independent auditors' report and notes.

GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.
Greenback, Tennessee
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2019 and 2018

| | <u>WITHOUT DONOR RESTRICTIONS</u> | |
|---|-----------------------------------|-------------------|
| | <u>2019</u> | <u>2018</u> |
| REVENUES | | |
| Fees from customers..... | \$ 169,770 | \$ 159,716 |
| State and local governments..... | 34,500 | 33,750 |
| Miscellaneous income | <u>10,000</u> | <u>-</u> |
| Total Revenues | <u>214,270</u> | <u>193,466</u> |
| FUNCTIONAL EXPENSES | | |
| Program Expenses | 177,442 | 189,764 |
| Management and general..... | <u>18,574</u> | <u>19,452</u> |
| Total Operating Expenses..... | <u>196,016</u> | <u>209,216</u> |
| Change in Net Assets – Without Donor Restrictions | <u>18,254</u> | <u>(15,750)</u> |
| Beginning Net Assets – Without Donor Restrictions | <u>322,363</u> | <u>338,113</u> |
| Ending Net Assets – Without Donor Restrictions..... | <u>\$ 340,617</u> | <u>\$ 322,363</u> |

See accompanying independent auditors' report and notes.

GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.

Greenback, Tennessee

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|
| Program Expenses: | | |
| Supplies – Fire Operation | \$ 14,729 | \$ 30,622 |
| Fuel | 9,531 | 6,608 |
| Equipment | <u>1,352</u> | <u>-</u> |
| Total Fire Operation | <u>25,612</u> | <u>37,230</u> |
| | | |
| Depreciation – Building | 3,678 | 3,678 |
| Building Repairs and Maintenance | 13,729 | 2,928 |
| Utilities | 6,713 | 5,851 |
| Insurance | 34,103 | 33,509 |
| Telephone | <u>11,406</u> | <u>11,780</u> |
| Total Station Management | <u>69,629</u> | <u>57,746</u> |
| | | |
| Depreciation – Equipment | 44,179 | 41,230 |
| Repairs/Maintenance/Supplies | 35,512 | 42,195 |
| Equipment Rental | <u>2,510</u> | <u>11,363</u> |
| Total Equipment Maintenance | <u>82,201</u> | <u>94,788</u> |
| | | |
| Total Program Expenses | <u>177,442</u> | <u>189,764</u> |
| | | |
| Management and General: | | |
| Professional Fees | 1,000 | 1,000 |
| Office Supplies | 9,679 | 10,169 |
| Dues and Memberships | 110 | 110 |
| Printing and Postage | 1,633 | 1,337 |
| Miscellaneous | 2,781 | 1,012 |
| Interest expense | <u>3,371</u> | <u>5,824</u> |
| Total Management & General | <u>18,574</u> | <u>19,452</u> |
| | | |
| TOTALS | <u>\$ 196,016</u> | <u>\$ 209,216</u> |

See accompanying independent auditors' report and notes.

GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.

Greenback, Tennessee

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from operations and others..... | \$ 214,270 | \$ 200,966 |
| Cash paid to suppliers..... | (144,309) | (158,414) |
| Cash paid for interest..... | <u>(3,371)</u> | <u>(5,824)</u> |
| Net Cash Flows from Operating Activities | <u>66,590</u> | <u>36,728</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets..... | <u>(180,199)</u> | <u>(53,861)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments on long-term debt..... | (42,196) | (39,661) |
| Proceeds from issuance of debt | <u>163,499</u> | <u>48,861</u> |
| Net Cash Flows Provided (Used) by Financing Activities..... | <u>121,303</u> | <u>9,200</u> |
| Net Decrease in Cash | 7,694 | (7,933) |
| CASH AT BEGINNING OF YEAR | <u>151,169</u> | <u>159,102</u> |
| CASH AT END OF YEAR | <u>\$ 158,863</u> | <u>\$ 151,169</u> |
| Reconciliation of change in net assets to net cash flows provided by operating activities: | | |
| Change in net assets | \$ 18,254 | \$ (15,750) |
| Adjustments to reconcile changes in net assets to net cash flows provided by operating activities: | | |
| Depreciation | 47,857 | 44,908 |
| Changes in operating assets and liabilities: | | |
| Prepaid insurance | 479 | 70 |
| Accounts receivable | <u>-</u> | <u>7,500</u> |
| Net Cash Flows Provided by Operating Activities... | <u>\$ 66,590</u> | <u>\$ 36,728</u> |
| Supplemental disclosure of cash flow information: | | |
| Interest paid | <u>\$ 3,371</u> | <u>\$ 5,824</u> |

See accompanying independent auditors' report and notes.

GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.

Greenback, Tennessee

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Greenback Volunteer Fire Department, Inc. 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.

Financial Statement Presentation – The financial statements of the Fire Department have been prepared on the accrual basis in conformity with generally accepted accounting principles. The statements are presented in accordance with the provisions of Statement of the Financial Accounting Standards Board (FASB) ASU 2016-14, *Financial Statements of Not-for-Profit Entities*. Under ASU 2016-14, the Fire Department is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, with the goal of improving not-for-profit entity (NFP) financial statements to provide more useful information to donors, grantors, and other financial statement users. The ASU requires additional disclosures for expenses by nature and function and for the liquidity and availability of resources.

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

Basis of Accounting – The Greenback Volunteer Fire Department, Inc. maintains its financial records on the accrual basis of accounting, the required method of accounting for a non-profit entity. Revenues are recorded when earned, and expenses are recognized when the liability is incurred.

Property and Equipment – Property and equipment is recorded at cost, or if donated, at approximate fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over the estimated useful life of the asset as follows:

| | |
|---------------------------|---------------|
| Building and improvements | 10 – 40 years |
| Vehicles | 5 years |
| Equipment | 5 – 10 years |
| Computers | 3 years |
| Furniture and fixtures | 7 – 10 years |

Cash Equivalents – Investments with an original maturity of three (3) months or less are considered cash equivalents. There were no cash equivalents at June 30, 2019 or June 30, 2018.

(Continued)

GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.

Greenback, Tennessee

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 recorded in the statement of activities.

Property and Equipment – Property and equipment are recorded as support at their donated estimated fair value or at their original cost. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Property and equipment greater than \$1,000 in value with a useful life of greater than one year are depreciated using the straight-line method over the estimated useful life of the asset.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising – Advertising costs are expensed as incurred.

Tax Status – The Fire Department is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Fire Department is also exempt from Tennessee sales taxes.

As of June 30, 2019, the tax years that remain subject to examination by taxing authorities begin with 2016. Tax returns for 2016, 2017, and 2018 remain open to examination by taxing authorities. Management believes that all positions taken in those returns would be sustained if examined by taxing authorities.

NOTE 2 – CASH

The Fire Department maintains one checking account with a local bank in the name of the Greenback Volunteer Fire Department, Inc. The account is insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2019 and 2018, the cash balances were \$158,863 and \$151,169, respectively.

NOTE 3 – LIQUIDITY

The Fire Department has \$158,863 of financial assets, available within one year of the balance sheet date to meet cash needs for general expenditures, consisting solely of Cash of \$158,863. 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.

(Continued)

GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.

Greenback, Tennessee

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019 and 2018 consist of the following

| | <u>2019</u> | <u>2018</u> |
|--------------------------------|--------------------|--------------------|
| Land | \$ 20,086 | \$ 20,086 |
| Equipment | 1,504,879 | 1,324,680 |
| Building and improvements | <u>158,898</u> | <u>158,898</u> |
| | 1,683,863 | 1,503,664 |
| Less: Accumulated depreciation | <u>(1,353,178)</u> | <u>(1,305,321)</u> |
| Net Fixed Assets | <u>\$ 330,685</u> | <u>\$ 198,343</u> |

Depreciation expense for June 30, 2019 and 2018 was \$47,857 and \$44,908, respectively

The Fire Department disposed of assets totaling \$0 and \$79,900 for the years ended June 30, 2019 and 2018, respectively.

NOTE 5 – 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 6 – CAPITAL LEASE OBLIGATION

The Fire Department entered into a capital lease agreement during the current fiscal year.

The lease agreement is with Community First National Bank for a pumper truck. This agreement requires annual payments of \$24,667 including interest at 5.49% through November 2024.

NOTE 7 – NOTE PAYABLE

The following is a summary of debt as of June 30, 2019:

| | |
|---|------------------|
| Note payable to TD Auto Finance, payable in monthly installments of \$919 including principal and interest, interest at 4.79%, secured by a vehicle, due February 2022. | \$16,838 |
| Note payable to TD Auto Finance, payable in monthly installments of \$271 including principal and interest, interest at 7.44%, secured by a vehicle, due April 2024. | \$ 12,752 |
| Less current maturities | <u>(12,442)</u> |
| Total Long-Term Debt | <u>\$ 17,148</u> |

(Continued)

GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.

Greenback, Tennessee

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

NOTE 7 – NOTE PAYABLE (CONTINUED)

Future maturities of debt:

| <u>Year Ending</u> <u>June 30</u> | <u>Amount</u> |
|--------------------------------------|------------------|
| 2020 | \$ 12,442 |
| 2021 | 9,352 |
| 2022 | 2,767 |
| 2023 | 2,980 |
| Thereafter | <u>2,049</u> |
| Total | <u>\$ 29,590</u> |

Interest expense for the years ended June 30, 2019 and 2018 were \$3,371 and \$5,824, respectively.

NOTE 8 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2019, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is September 19, 2019, which is the date on which the financial statements were issued.

(Continued)

SUPPLEMENTARY INFORMATION

GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.

Greenback, Tennessee

SCHEDULE OF FIRE PROTECTION RATES

For the Year Ended June 30, 2019

Subscribers:

| | |
|----------------------------|-----------------|
| Single Residence | \$ 95 annually |
| Residence with two homes | \$ 170 annually |
| Residence with three homes | \$ 250 annually |
| Business | \$ 95 – \$ 500 |
| Factory/Industry | \$ 75 – \$ 500 |

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 1,450.

GREENBACK VOLUNTEER FIRE DEPARTMENT, INC.

Greenback, Tennessee

SCHEDULE OF INSURANCE COVERAGE

For the Year Ended June 30, 2019

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:

Deduction – \$500

Building \$ 451,645

Equipment \$ 205,835

Trucks Replacement Value