

BERWYN FIRE COMPANY

FINANCIAL STATEMENTS

*Year Ended December 31, 2022
(With Comparative Totals for 2021)*

BERWYN FIRE COMPANY
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Independent Auditors' Report

To the Board of Directors
Berwyn Fire Company
Berwyn, Pennsylvania

Opinion

We have audited the financial statements of Berwyn Fire Company, which comprise the statement of assets, liabilities, and net assets--modified cash basis as of December 31, 2022, and the related statements of revenue, expenses, and changes in net assets--modified cash basis, functional expenses--modified cash basis, and cash flows--modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities, and net assets of Berwyn Fire Company as of December 31, 2022, and its revenue and expenses for the year then ended in accordance with the modified cash basis of accounting described in Note B.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Berwyn Fire Company 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified 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 this matter.

Emphasis of Matter with Respect to Prior Period Restatement

As discussed in Note K to the financial statements, the Berwyn Fire Company's beginning of year net assets without donor restrictions and net assets with donor restrictions were restated. Our opinion is not modified with respect to this matter.

To the Board of Directors
Berwyn Fire Company
Berwyn, Pennsylvania

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note B, and for determining that the modified cash 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.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 Berwyn 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 Berwyn 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.

To the Board of Directors
Berwyn Fire Company
Berwyn, Pennsylvania

Report on Summarized Comparative Information

Before the restatement described in Note K to the financial statements, another auditor audited Berwyn Fire Company's December 31, 2021 financial statements, and expressed an unmodified audit opinion on those audited financial statements in their report dated June 30, 2022. In our opinion, before the restatement described in Note K, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

As part of our audit of the December 31, 2022 financial statements, we also reviewed the adjustments described in Note K to the financial statements that were applied to restate the 2021 summarized comparative information. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any further procedures to the 2021 financial statements other than with respect to the adjustments.



Limerick, Pennsylvania
July 21, 2023

BERWYN FIRE COMPANY

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS

MODIFIED CASH BASIS

DECEMBER 31, 2022

(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,384,648	\$ 1,505,982
Investments	382,690	793,288
TOTAL CURRENT ASSETS	<u>1,767,338</u>	<u>2,299,270</u>
NONCURRENT ASSETS		
Property and equipment	3,322,003	2,692,447
Less: accumulated depreciation	<u>(1,034,804)</u>	<u>(911,946)</u>
TOTAL NONCURRENT ASSETS	<u>2,287,199</u>	<u>1,780,501</u>
TOTAL ASSETS	<u>\$ 4,054,537</u>	<u>\$ 4,079,771</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Loans payable - due within one year	\$ 12,474	\$ 11,801
NONCURRENT LIABILITIES		
Loans payable - due after one year	<u>497,964</u>	<u>510,438</u>
TOTAL LIABILITIES	<u>510,438</u>	<u>522,239</u>
NET ASSETS		
With donor restrictions	1,215,855	1,287,786 *
Without donor restrictions	<u>2,328,244</u>	<u>2,269,746 *</u>
TOTAL NET ASSETS	<u>3,544,099</u>	<u>3,557,532</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,054,537</u>	<u>\$ 4,079,771</u>

* *restated*

See accompanying notes.

BERWYN FIRE COMPANY

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS

MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2022

(With Comparative Totals for 2021)

	Without Donor	With Donor	Totals	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2022</u>	<u>2021</u>
PUBLIC SUPPORT AND REVENUE				
Public Support				
Grants	\$ 60,787	\$ -	\$ 60,787	\$ 103,439
Contributions	106,057	-	106,057	154,040
Capital contributions	-	516,185	516,185	676,564
Township funding	663,300	-	663,300	527,300
Township funding for temporary sub station	-	-	-	92,000
Fundraising - donations and fund drives	223,100	-	223,100	275,841
Revenue				
Billing income	913,423	-	913,423	851,768
Event income	75,713	-	75,713	97,330
Merchandise income	-	-	-	621
Outreach income	3,096	-	3,096	5,409
Rental income	84,311	-	84,311	97,845
Tower rental income	124,475	-	124,475	142,317
Investment income	12,529	754	13,283	16,587
Net assets released from restrictions	588,870	(588,870)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	<u>2,855,661</u>	<u>(71,931)</u>	<u>2,783,730</u>	<u>3,041,061</u>
EXPENSES				
Program services	2,591,549	-	2,591,549	2,376,959
Management and general	59,491	-	59,491	70,021
Fundraising	38,857	-	38,857	27,090
TOTAL EXPENSES	<u>2,689,897</u>	<u>-</u>	<u>2,689,897</u>	<u>2,474,070</u>
OTHER CHANGES				
Net realized and unrealized gain (loss) on investments	(107,266)	-	(107,266)	66,940
Net realized gains on sales and disposal of equipment	-	-	-	20,268
Paycheck Protection Program loan forgiveness gain	-	-	-	293,970
TOTAL OTHER CHANGES	<u>(107,266)</u>	<u>-</u>	<u>(107,266)</u>	<u>381,178</u>
CHANGE IN NET ASSETS	58,498	(71,931)	(13,433)	948,169
NET ASSETS AT BEGINNING OF YEAR, restated	<u>2,269,746</u>	<u>1,287,786</u>	<u>3,557,532</u>	<u>2,609,363</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,328,244</u>	<u>\$ 1,215,855</u>	<u>\$ 3,544,099</u>	<u>\$ 3,557,532</u>

See accompanying notes.

BERWYN FIRE COMPANY
STATEMENT OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2022
(With Comparative Totals for 2021)

	Support Services				Totals	
	Program Services	Management and General	Fundraising	Total Support Services	Totals	
					2022	2021
FUNCTIONAL EXPENSES						
Depreciation	\$ 122,858	\$ -	\$ -	\$ -	\$ 122,858	\$ 111,396
Donations	300	-	-	-	300	375
Events	94,507	-	-	-	94,507	52,115
Facilities	50,110	-	-	-	50,110	54,320
Fundraising mailings and events	-	-	38,857	38,857	38,857	27,090
Grants	5,461	-	-	-	5,461	10,212
Interest	-	28,770	-	28,770	28,770	29,759
Merchandise	3,646	-	-	-	3,646	4,211
Noncapital purchases	-	-	-	-	-	2,899
Office	32,142	-	-	-	32,142	33,197
Outreach	2,103	-	-	-	2,103	4,909
Personnel	1,909,222	-	-	-	1,909,222	1,713,535
Professional services	-	30,721	-	30,721	30,721	40,262
Rental expense	57,365	-	-	-	57,365	74,081
Service delivery	262,969	-	-	-	262,969	272,042
Vehicle	50,866	-	-	-	50,866	43,667
TOTAL FUNCTIONAL EXPENSES	<u>\$ 2,591,549</u>	<u>\$ 59,491</u>	<u>\$ 38,857</u>	<u>\$ 98,348</u>	<u>\$ 2,689,897</u>	<u>\$ 2,474,070</u>

See accompanying notes.

BERWYN FIRE COMPANY
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (13,433)	\$ 948,169
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	122,858	111,396
Net realized and unrealized (gain) loss on investments	107,266	(66,940)
Gain on disposal of fixed assets	-	(20,268)
Gain on discharge of indebtedness, Paycheck Protection Program	-	(293,970)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>216,691</u>	<u>678,387</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchases) sales of investments	303,332	41,693
Purchase of property and equipment	(629,556)	(298,900)
Proceeds from sales of property and equipment	-	142,200
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(326,224)</u>	<u>(115,007)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans payable	(11,801)	(67,106)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(121,334)	496,274
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,505,982</u>	<u>1,009,708</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,384,648</u>	<u>\$ 1,505,982</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 28,770	\$ 29,759
Taxes paid	\$ 17,970	\$ 11,775
Non-cash financing activities		
Gain on discharge of indebtedness, Paycheck Protection Program	\$ -	\$ 293,970

See accompanying notes.

BERWYN FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - THE ORGANIZATION

The Berwyn Fire Company (the "Fire Company") is a nonprofit fire company which provides fire suppression, rescue, EMS, and fire prevention services to Tredyffrin and Easttown Townships in Chester County, Pennsylvania.

These financial statements include activity from the Fire Company. The activity of the Berwyn Volunteer Firefighters' Relief Association ("the Relief Association") has been excluded. The Relief Association is a separate legal entity and manages the Volunteer Firefighter Relief Association ("VFRA") funds received from the State. Funds from the VFRA are subject to strict guidelines that restrict how they are used, which prevents them from being used to fund many of the Fire Company's normal operations. Additionally, VFRA funds must be segregated from the Fire Company's other funds and, by law, the Pennsylvania Department of the Auditor General is required to audit the financial accounts of all relief associations.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Fire Company have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than the obligations are incurred. Consequently, the Fire Company has not recognized pledges receivable from donors, accounts payable to vendors, accounts receivable from ambulance services billing, and their related effects on the change in net assets in the accompanying financial statements. Accordingly, the accompany financial statements are not intended to present the statement of assets, liabilities, and net assets and the statement of revenue, expenses, and changes in net assets in conformity with accounting principles generally accepted in the United States of America.

The significant accounting policies followed by the Fire Company are described below to enhance the usefulness of the financial statements to the reader.

Income Taxes

The Fire Company is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Fire Company's tax-exempt purpose may be subject to taxation as unrelated business income. Accordingly, taxes paid on unrelated business income for the year ended December 31, 2022 was \$17,970 and is included as part of rental expense.

BERWYN FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management has determined that the Fire Company does not have any uncertain tax positions or associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Fire Company's tax returns will not be challenged by the taxing authorities and that the Fire Company will not be subject to additional tax, penalties, and interest as a result of such challenge.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting, which is a comprehensive basis of accounting other than 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Fire Company considers all liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are reported at fair value. A fair value hierarchy is established that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: *Level 1* inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, *Level 2* inputs are other than quoted prices that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument, and *Level 3* is based on unobservable inputs such as those that are internally developed. The Fire Company uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

At December 31, 2022, the Fire Company's investments consist primarily of mutual funds and exchange traded funds.

BERWYN FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost. All asset acquisitions equal to or in excess of \$10,000 and with a life expectancy of greater than one year are capitalized. Expenditures for maintenance, repairs, minor renewals, and betterments which do not improve or extend useful life of the asset are expensed. Donated assets are recorded at their fair market value at the date of receipt. When such assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from their respective accounts; and any gain or loss on such disposition is recognized in the statement of revenue, expenses, and changes in net assets. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The following is a schedule of the estimated useful lives:

Building and improvements	7 - 40 years
Equipment	5 - 15 years

Contributions

In accordance with the modified cash basis of accounting, contributions are recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions.

All contributions are considered to be without donor restriction use unless specifically restricted by the donor.

Functional Allocation of Expenses

The costs of providing services have been summarized on a functional basis in the statement of revenue, expenses, and changes in net assets. Costs are directly assigned to the appropriate program or support services.

Board-Designated Net Assets

There were no board designations made for the year ended December 31, 2022.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total only. Such information does not include sufficient detail to constitute a full presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the Fire Company's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

BERWYN FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

The Fire Company is required to report information regarding its statement of assets, liabilities, and net assets and statement of revenue, expenses, and changes in net assets according to two mutually exclusive classes regarding the existence or absence of donor-imposed restrictions. See Net Assets with Donor Restrictions and Net Assets without Donor Restrictions.

Net Assets with Donor Restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Fire Company or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of revenue, expenses, and changes in net assets.

At December 31, 2022, the Fire Company has net assets with donor restrictions of \$1,215,855. The donor restrictions consist of capital construction/purchases for the new Fire/EMS Stations and vehicles for \$202,315 and \$1,013,540; respectively. For the year ended December 31, 2022, the Fire Company had net assets released from restrictions of \$588,870. The net assets released from restrictions were used for the purpose capital construction/purchases for the new Fire/EMS Stations for \$588,870.

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Fire Company. These net assets may be used at the discretion of Fire Company management and the board of directors.

Date of Management's Review

Management has evaluated subsequent events through July 21, 2023, the date which the financial statements were available to be issued.

NOTE C - CASH AND CASH EQUIVALENTS

At December 31, 2022, the carrying amount of the Fire Company's deposits was \$1,384,648, and the bank balance was \$1,527,427.

The Fire Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Fire Company believes it is not exposed to any significant credit risk on cash and cash equivalents. As of December 31, 2022, the Fire Company had \$1,246,890 exposed to custodial credit risk.

BERWYN FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE D - INVESTMENTS

Investments held by the Fire Company consist of the following at December 31, 2022:

	<u>Fair Value</u>	<u>Level 1</u>
Bond mutual funds	\$ 47,813	\$ 47,813
Equity mutual funds	16,487	16,487
Equity exchange traded funds	212,451	212,451
Mixed assets funds	<u>105,939</u>	<u>105,939</u>
	<u>\$ 382,690</u>	<u>\$ 382,690</u>

All level 1 investments are valued based on quoted market prices.

NOTE E - PROPERTY AND EQUIPMENT

The Fire Company's property and equipment consists of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 108,340	\$ -	\$ 108,340
Construction in progress	611,488	-	611,488
Building	769,800	(158,066)	611,734
Building improvements	536,654	(350,316)	186,338
Advance life support equipment	794,918	(339,145)	455,773
Firefighting equipment	476,446	(162,920)	313,526
Other equipment	<u>24,357</u>	<u>(24,357)</u>	<u>-</u>
	<u>\$ 3,322,003</u>	<u>\$ (1,034,804)</u>	<u>\$ 2,287,199</u>

BERWYN FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE F - LOANS PAYABLE

Loans payable consisted of the following at December 31, 2022:

Note for \$288,750 with WSFS Bank, which requires monthly payments of \$1,786 at 5.49% per annum. The note is secured by a building and matures March 2044.	\$ 266,591
Note for \$108,000 with WSFS Bank, which requires monthly payments of \$668 at 5.49% per annum. The note is secured by a building and matures March 2044.	99,712
Note for \$150,000 with WSFS Bank, which requires monthly payments of \$927 at 5.49% per annum. The note is secured by a building and matures December 2045.	144,135
Current portion	<u>(12,474)</u>
	<u>\$ 497,964</u>

Future minimum annual principal payments of loans payable are as follows:

<u>Year Ending December 31,</u>	<u>Loans Payable</u>
2023	\$ 12,474
2024	13,108
2025	13,935
2026	14,731
2027	15,572
Thereafter	<u>440,618</u>
	<u>\$ 510,438</u>

NOTE G - CONCENTRATION OF REVENUE

For the year ended December 31, 2022, the Fire Company received 37% of its total public support and revenue from contributions from Easttown Township (17%) and Tredyffrin Township (20%).

BERWYN FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE H - EMPLOYEE RETIREMENT BENEFITS

The Fire Company has established a 403(b) plan, which allows the employees to contribute pretax dollars to the plan. The employees are eligible to participate after one full year of employment. The Fire Company matches the employee contribution up to 1% of the employee's annual earnings. After the employee's fifth year of employment, the Fire Company matches the employee's contribution up to 3% of the employee's annual earnings. After the employee's tenth year of employment, the Fire Company matches the employee contribution up to 6% of the employee's annual earnings. The employee is 100% vested in the Fire Company contributions immediately. The Fire Company's contributions to the employee's retirement plan for the year ended December 31, 2022 was \$43,954.

NOTE I - RENTAL INCOME

The Fire Company owns properties that it rents out to nonrelated parties on a yearly basis. The renters are responsible for the utilities. Rental income for the year ended December 31, 2022 was \$84,311.

NOTE J - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Fire Company's financial assets consist of cash and cash equivalents and investments.

The following reflects the Fire Company's financial assets as of December 31, 2022, reduced by the amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Financial assets unavailable include amounts set aside for capital construction/purchases for the new Fire/EMS Stations and vehicles.

The following reflects the Fire Company's financial assets as of December 31, 2022:

Financial assets, at year-end	\$ 1,767,338
Less those unavailable for general expenditures within one year due to donor-imposed or time restrictions	<u>(1,215,855)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ <u>551,483</u>

The Fire Company has a goal to maintain financial assets on hand to meet, at a minimum, 90 days of normal operating expenses excluding depreciation, which is approximately \$632,000. At December 31, 2022, the Fire Company had \$551,483 in highly liquid financial assets. The Fire Company has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

BERWYN FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE K - PRIOR PERIOD RESTATEMENT

The Fire Company restated the financial statements to properly report beginning of year net assets without donor restrictions and net assets with donor restrictions. It was determined that certain contributions received were actually restricted for capital purposes and should be classified as net assets with donor restrictions. Accordingly, the Fire Company has restated beginning of year net assets without donor restrictions and net assets with donor restrictions from \$3,082,532 and \$475,000 to \$2,269,746 and \$1,287,786, respectively. The net effect of the restatement on total beginning of year net assets was \$0.