

**BERWYN VOLUNTEER FIREFIGHTERS' RELIEF
ASSOCIATION**

FINANCIAL STATEMENTS

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

BERWYN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION

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YEAR ENDED DECEMBER 31, 2022

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Independent Accountants' Review Report

To the Board of Directors
Berwyn Volunteer Firefighters' Relief Association
Berwyn, Pennsylvania

We have reviewed the accompanying financial statements of Berwyn Volunteer Firefighters' Relief Association, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting that Berwyn Volunteer Firefighters' Relief Association used is an acceptable basis for the preparation of 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Berwyn Volunteer Firefighters' Relief Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

To the Board of Directors
Berwyn Volunteer Firefighters' Relief Association
Berwyn, Pennsylvania

Emphasis of Matter with Respect to Prior Period Restatement

As discussed in Note G to the financial statements, Berwyn Volunteer Firefighters' Relief Association's beginning of year net assets without donor restrictions and net assets with donor restrictions were restated. Our conclusion is not modified with respect to this 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 in accordance with 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 conclusion is not modified with respect to this matter.

Summarized Comparative Information

Before the restatement described in Note G to the financial statements, other accountants reviewed Berwyn Volunteer Firefighters' Relief Association's December 31, 2021 financial statements and in their report dated June 30, 2022, stated that based on their procedures, they were not aware of any material modifications that should be made to the December 31, 2021 financial statements in order for them to be in accordance with the modified cash basis of accounting. Before the restatement described in Note G, we are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2021 for it to be consistent with the reviewed financial statements from which it has been derived.

As part of our review of the December 31, 2022 financial statements, we also reviewed the adjustments described in Note G to the financial statements that were applied to restate the 2021 summarized comparative information. We are not aware of any material modifications that should be made to the adjustments. 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 VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS

MODIFIED CASH BASIS

DECEMBER 31, 2022

(With Comparative Totals for 2021)

	<u>2022</u>	<u>Restated 2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 224,945	\$ 249,084
Investments	757,064	920,347
TOTAL CURRENT ASSETS	<u>982,009</u>	<u>1,169,431</u>
NONCURRENT ASSETS		
Vehicles and equipment	1,479,270	1,418,139
Less: accumulated depreciation	<u>(786,215)</u>	<u>(736,776)</u>
TOTAL NONCURRENT ASSETS	<u>693,055</u>	<u>681,363</u>
TOTAL ASSETS	<u>\$ 1,675,064</u>	<u>\$ 1,850,794</u>
NET ASSETS		
Without donor restrictions	<u>\$ 1,675,064</u>	<u>\$ 1,850,794</u>

See independent accountants' review report.

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BERWYN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2022
(With Comparative Totals for 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
REVENUE AND SUPPORT		
State aid	\$ 301,894	\$ -
Interest	68	-
Dividends	21,179	-
TOTAL REVENUE AND SUPPORT	<u>323,141</u>	<u>-</u>
EXPENSES		
Program services	324,328	-
Management and general	10,141	-
TOTAL EXPENSES	<u>334,469</u>	<u>-</u>
OTHER CHANGES		
Net realized and unrealized gain (loss) on investments	(164,512)	-
Gain on sale of vehicles and equipment	-	-
Miscellaneous income	110	-
TOTAL OTHER CHANGES	<u>(164,402)</u>	<u>-</u>
CHANGES IN NET ASSETS	(175,730)	-
NET ASSETS AT BEGINNING OF YEAR, restated*	<u>1,850,794</u> *	<u>-</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,675,064</u>	<u>\$ -</u>

See independent accountants' review report.

Totals	
<u>2022</u>	<u>2021</u>
\$ 301,894	\$ 234,638
68	137
<u>21,179</u>	<u>20,386</u>
<u>323,141</u>	<u>255,161</u>
324,328	325,970
10,141	6,371
<u>334,469</u>	<u>332,341</u>
(164,512)	55,206
-	44,767
110	24,587
<u>(164,402)</u>	<u>124,560</u>
(175,730)	47,380
* <u>1,850,794</u>	<u>1,803,414</u>
\$ <u><u>1,675,064</u></u>	\$ <u><u>1,850,794</u></u>

BERWYN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2022

(With Comparative Totals for 2021)

	<u>Program Services</u>	<u>Management and General</u>
ADMINISTRATIVE SERVICES		
Professional fees	\$ -	\$ 6,800
Office expenses	-	3,341
TOTAL ADMINISTRATIVE SERVICES	<u>-</u>	<u>10,141</u>
PERSONNEL - VOLUNTEER		
Equipment purchases	5,558	-
Insurance	85,937	-
Miscellaneous	-	-
New member medicals	12,236	-
Pagers	225	-
Training	9,980	-
Turnout gear	8,563	-
TOTAL PERSONNEL - VOLUNTEER	<u>122,499</u>	<u>-</u>
SERVICE DELIVERY		
Dues and subscriptions	7,888	-
Equipment	20,446	-
Insurance	20,325	-
Cellular service	8,759	-
Repairs and maintenance	8,197	-
Supplies	3,708	-
Radio equipment	1,612	-
Vehicle repairs and maintenance	81,455	-
Depreciation	49,439	-
TOTAL SERVICE DELIVERY	<u>201,829</u>	<u>-</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 324,328</u>	<u>\$ 10,141</u>

See independent accountants' review report.

Totals	
<u>2022</u>	<u>2021</u>
\$ 6,800	\$ 3,650
3,341	2,721
<u>10,141</u>	<u>6,371</u>
5,558	-
85,937	85,917
-	2,881
12,236	3,016
225	-
9,980	12,462
8,563	10,848
<u>122,499</u>	<u>115,124</u>
7,888	3,496
20,446	1,386
20,325	18,894
8,759	11,696
8,197	9,986
3,708	1,380
1,612	708
81,455	82,785
49,439	80,515
<u>201,829</u>	<u>210,846</u>
\$ <u>334,469</u>	\$ <u>332,341</u>

BERWYN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION

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	\$ (175,730)	\$ 47,380
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	49,439	80,515
Net realized and unrealized (gain) loss on investments	164,512	(55,206)
Gain on sale of vehicles and equipment	<u>-</u>	<u>(44,767)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>38,221</u>	<u>27,922</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(61,131)	(61,674)
Proceeds from sales of property and equipment	-	243,500
(Purchases) sales of investments	<u>(1,229)</u>	<u>(170,386)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(62,360)</u>	<u>11,440</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(24,139)	39,362
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>249,084</u>	<u>209,722</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 224,945</u>	<u>\$ 249,084</u>

See independent accountants' review report.

BERWYN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE A - NATURE OF OPERATIONS

Pursuant to the Act of June 11, 1968, (P.L. 149, No. 84, "Act 84") as amended, the Berwyn Volunteer Firefighters' Relief Association ("the Relief Association") is a charitable, non-profit organization was formed to afford financial protection to volunteer firefighters and to also encourage individuals within the community to participate in volunteer fire service.

Act 84 governs the overall operation of the Relief Association. The Relief Association's bylaws regulate the specific procedures by which the association assets are managed.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Relief Association 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 Relief Association has not recognized pledges receivable from donors, accounts payable to third parties, 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 Relief Association are described below to enhance the usefulness of the financial statements to the reader.

Income Taxes

The Relief Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service.

Management has determined that the Relief Association 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 Relief Association's tax returns will not be challenged by the taxing authorities and that the Relief Association will not be subject to additional tax, penalties, and interest as a result of such challenge.

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 Relief Association's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

BERWYN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Relief Association 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 Relief Association uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

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

Property and Equipment

It is the Relief Association's policy to capitalize property and equipment at cost equal to or in excess of \$10,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are reported as contributions without donor restrictions unless the donor has restricted the donated asset to 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 contributions with donor restrictions. The Relief Association reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Relief Association reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the following useful life:

Vehicles and equipment	5 - 15 years
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Depreciation expense was \$49,439 for the year ended December 31, 2022.

BERWYN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 restricted use unless specifically restricted by the donor.

Functional Allocation of Expenses

The costs of providing the various programs and other activities 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.

Financial Statement Presentation

The Relief Association 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 Relief Association 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.

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 Relief Association. These net assets may be used at the discretion of Relief Association 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.

BERWYN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE C - CASH AND CASH EQUIVALENTS

At December 31, 2022, the carrying amount of the Relief Association's deposits was \$224,945, and the bank balance was \$230,640.

The Relief Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Relief Association believes it is not exposed to any significant credit risk on cash and cash equivalents. As of December 31, 2022, the Relief Association's had no deposits exposed to custodial credit risk.

NOTE D - INVESTMENTS

Investments held by the Relief Association consist of the following at December 31, 2022:

	<u>Fair Value</u>	<u>Level 1</u>
Bond mutual funds	\$ 97,176	\$ 97,176
Equity mutual funds	32,605	32,605
Equity exchange traded funds	419,000	419,000
Mixed assets funds	<u>208,283</u>	<u>208,283</u>
	<u>\$ 757,064</u>	<u>\$ 757,064</u>

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

NOTE E - STATE AID

Chapter 7 of the Act of December 18, 1984, (P.L. 1005, No. 205), as amended, sets forth the computation of the Foreign Fire Insurance Tax Distribution paid to each applicable municipality throughout the Commonwealth of Pennsylvania. The amount of the distribution is based upon the population of each municipality and the market value of real estate within the municipality. Upon receipt of this distribution, the municipality must allocate the funds to the Relief Association of the fire department or departments, which is or are recognized as providing service to the municipality.

For the year ended December 31, 2022, the Relief Association received \$301,894 (93%) of its total revenue and support from state aid from Easttown Township (29%) and Tredyffrin Township (64%).

BERWYN VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE F - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Relief Association's financial assets consist of cash and cash equivalents and investments.

The Relief Association has a goal to maintain financial assets on hand to meet, at a minimum, 90 days of normal operating expenses excluding depreciation expense, which is approximately \$71,000. At December 31, 2022, the Relief Association had \$982,009 in highly liquid financial assets. The Relief Association has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE G - PRIOR PERIOD RESTATEMENT

The Relief Association restated the financial statements to properly report beginning of year net assets without donor restrictions and net assets with donor restrictions. Due to the nature of the Relief Association's operations, it was determined that all revenue recognized from sources such as state aid and investment income should be classified as net assets without donor restrictions. Accordingly, the Relief Association has restated beginning of year net assets without donor restrictions and net assets with donor restrictions from \$681,363 and \$1,169,431 to \$1,850,794 and \$0; respectively. The net effect of the restatement of total beginning of year net assets was \$0.