

POINT PLEASANT BOROUGH FIRST AID SQUAD

Financial Statements

For the year ended December 31, 2017

(With Independent Auditor's Report Thereon)

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POINT PLEASANT BOROUGH FIRST AID SQUAD
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For the years ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Officers and Members of
Point Pleasant Borough First Aid Squad & The Borough of Point Pleasant

We have audited the accompanying financial statements of the Point Pleasant Borough First Aid Squad (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – cash basis as of December 31, 2017, and the related statement of support, revenue, and expenses – cash basis, functional expenses – cash basis, and cash flows for the year 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 Point Pleasant Borough First Aid Squad as of December 31, 2017, and its changes in net assets and its cash flows for the years 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.
Certified Public Accountants

Toms River, New Jersey

POINT PLEASANT BOROUGH FIRST AID SQUAD
Statement of Assets, Liabilities, and Net Assets - Cash Basis
December 31, 2017

ASSETS	<u>2017</u>
Cash	<u>\$ 1,274,233</u>
Total assets	<u><u>\$ 1,274,233</u></u>

LIABILITIES AND NET ASSETS

Net assets:	
Unrestricted:	
Unrestricted	<u>\$ 1,274,233</u>
Total net assets	<u><u>\$ 1,274,233</u></u>

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

POINT PLEASANT BOROUGH FIRST AID SQUAD
Statement of Support, Revenue, and Expenses - Cash Basis
For the years ended December 31, 2017

	2017
Operating revenues:	
Contributions from Point Pleasant Borough	\$ 95,000
Training	12,619
Donations	320
Donation drive	48,922
Fundraising	4,654
Miscellaneous	56,713
Total operating revenues	218,228
Functional expenses:	
Program- EMS Operations	26,480
Management and general	41,012
Program- general	41,957
Fundraising	25,324
Total functional expenses	134,773
Operating income/(loss)	83,455
Non-operating revenues:	
Interest and dividends on investments	5,840
Total non-operating revenues	5,840
Changes in unrestricted net assets	89,295
Unrestricted net assets, beginning of year	1,184,938
Unrestricted net assets, end of year	\$ 1,274,233

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

POINT PLEASANT BOROUGH FIRST AID SQUAD
Statement of Functional Expenses - Cash Basis
For the year ended December 31, 2017

	Program Expenses - General	Program Expenses - EMS Operations	Management and General	Fundraising Expenses	Total
Electric	\$ 11,449	\$ -	\$ -	\$ -	\$ 11,449
Medical Supplies	-	15,007	-	-	15,007
Vehicle repairs	-	2,227	-	-	2,227
Training	-	1,070	-	-	1,070
Professional fees	-	-	2,325	-	2,325
Computer related	1,771	-	18,398	-	20,169
Uniforms	-	8,176	-	-	8,176
Building repairs and maintenance	27,336	-	-	-	27,336
Fundraising	-	-	-	20,581	20,581
Donation drive	-	-	-	4,743	4,743
Insurance	1,401	-	-	-	1,401
Miscellaneous	-	-	20,289	-	20,289
Totals	\$ 41,957	\$ 26,480	\$ 41,012	\$ 25,324	\$ 134,773

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

POINT PLEASANT BOROUGH FIRST AID SQUAD
Statement of Cash Flows
For the years ended December 31, 2017

	2017
Cash flows from operating activities:	
Cash received from contributions	\$ 107,619
Other operating receipts	110,609
Cash paid to suppliers	(134,773)
	83,455
 Cash flows from investing activities:	
Interest received	5,840
	5,840
Change in cash	89,295
Cash, beginning of year	1,184,938
Cash, end of year	\$ 1,274,233
 Reconciliation of changes in net assets to net cash used by operating activities:	
Changes in net assets	\$ 83,455
	\$ 83,455
 Per Statements of Assets, Liabilities, and Net Assets - Cash Basis	
Cash-unrestricted	\$ 1,274,233
Cash-board designated	-
Cash, end of year	\$ 1,274,233

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

POINT PLEASANT BOROUGH FIRST AID SQUAD

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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POINT PLEASANT BOROUGH FIRST AID SQUAD
Notes to Financial Statements
For the years ended December 31, 2017

NOTE 1: ORGANIZATION AND PURPOSE

Point Pleasant Borough First Aid Squad, (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 ambulance service to residents of Point Pleasant Borough, New Jersey.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Point Pleasant Borough First Aid Squad have been 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. The significant accounting policies followed are described below.

A. Basis of Presentation

The Organization records its financial activity on a cash basis. This method recognizes income as it is 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 operations in accordance with generally accepted accounting principles.

Point Pleasant Borough First Aid Squad 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, 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 or purpose. As of December 31, 2017, 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, there were no permanently restricted net assets.

B. 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 an initial maturity of three months or less to be cash equivalents.

POINT PLEASANT BOROUGH FIRST AID SQUAD
Notes to Financial Statements (continued)
For the years ended December 31, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Cash and Cash Equivalents (continued)

The Organization's cash and cash equivalent accounts and interest bearing deposits in banks and other financial institutions may at times exceed the federally insured limits. The Organization has not experienced any losses in these accounts. Management believes that the Organization is not exposed to any significant risk on these deposits.

C. Fixed Assets

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

D. Inventories of Supplies

The cost of inventories of supplies are recorded as expenditures at the time individual items are purchased.

E. Federal and State 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 activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

POINT PLEASANT BOROUGH FIRST AID SQUAD
Notes to Financial Statements (continued)
For the years ended December 31, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Subsequent Events

The Organization has evaluated subsequent events occurring after the Statements of Assets, Liabilities, and Net Assets date through the date of which is the date the financial statements were available to be issued.

NOTE 3: CASH AND CASH EQUIVALENTS

The deposits and investments held for the Organization at December 31, 2017, and reported at fair value, are as follows:

	<u>2017</u>
Deposits:	
Demand deposits	<u>\$ 1,274,233</u>
 Reconciliation of Statement of Assets, Liabilities, and Net Assets – Cash Basis:	
Current assets:	
Cash – Unrestricted	\$ 1,274,233
 Total	<u>\$ 1,274,233</u>

A. Custodial Credit Risk

Deposits in financial institutions, reported as components of cash and investments had bank balances of \$1,275,283 at December 31, 2017. At December 31, 2017, \$250,000 was fully insured by depository insurance and \$1,025,283 was uninsured.

NOTE 4: CONCENTRATION OF CONTRIBUTIONS

The Organization received 44% of its annual operating revenue from Point Pleasant Borough for the year ended December 31, 2017.

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To the Officers and Members of
Point Pleasant Borough First Aid Squad & The Borough of Point Pleasant

We have audited the financial statements of Point Pleasant Borough First Aid Squad for the year ended December 31, 2017, and have issued our report thereon dated . Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 27, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Point Pleasant Borough First Aid Squad are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 15, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

When performing our audit testing, we noted that the Point Pleasant Borough First Aid Squad should retain more detailed back-up for all receipts and disbursements being made. The support should be such that would allow the auditor to reperform the transaction that has occurred through review of the supporting documentation. Receipts should be backed-up to the extent that they allow the auditor to determine if all amounts collected have been desposited.

This information is intended solely for the use of the board of trustees of Point Pleasant Borough First Aid Squad and The Borough of Point Pleasant and is not intended to be, and should not be, used by anyone other than these specified parties.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

Toms River, New Jersey