

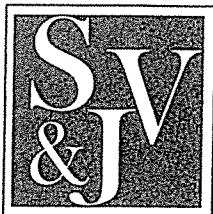
CHRISTIANA FIRE COMPANY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2018

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Christiana Fire Company, Inc.
Christiana, Delaware

We have reviewed the accompanying financial statements of Christiana Fire Company, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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 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 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.

Accountant's Responsibility

Our responsibility is to conduct a 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 accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying June 30, 2018 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2017 Financial Statements

We have previously audited the Organization's June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated September 19, 2017. We have not performed any auditing procedures since that date. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sparano, Vincellette & Joiner

October 10, 2018

CHRISTIANA FIRE COMPANY, INC.
Statements of Financial Position
June 30,

ASSETS

	<u>2 0 1 8</u>	<u>2 0 1 7</u>
CURRENT ASSETS		
Cash	\$ 1,851,460	\$ 539,437
Investments	2,275,513	2,375,735
Accounts Receivable, Net	600,080	360,636
Grant Receivable	-0-	14,895
Prepaid Expense	18,379	20,095
Deposit on Fixed Asset	<u>606,621</u>	<u>-0-</u>
TOTAL CURRENT ASSETS	<u>5,352,053</u>	<u>3,310,798</u>
PROPERTY AND EQUIPMENT		
Land	149,235	149,235
Building	829,045	829,045
Land Improvements	96,473	96,473
Building Improvements	487,499	487,499
Fire and Rescue Equipment	4,958,268	6,747,678
Office Equipment	113,189	111,778
Station Equipment	351,084	351,084
Construction in Progress	<u>344,941</u>	<u>46,152</u>
	7,329,734	8,818,944
Accumulated Depreciation	<u>(4,628,404)</u>	<u>(6,328,330)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>2,701,330</u>	<u>2,490,614</u>
OTHER ASSETS		
Loan Origination Fees - Net of Amortization	<u>31</u>	<u>764</u>
<u>TOTAL OTHER ASSETS</u>	<u>\$ 8,053,414</u>	<u>\$ 5,802,176</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 107,109	\$ 28,904
Simple Payable	-0-	4,254
Accrued Payroll	31,873	31,531
Accrued Vacation	44,088	51,840
Accrued Expenses	4,598	3,920
Deposit on Fixed Asset	-0-	8,000
Current Portion of Long-Term Debts	<u>467,973</u>	<u>320,333</u>
TOTAL CURRENT LIABILITIES	655,641	448,782
LONG-TERM DEBTS		
Long-Term Debts (Net of Current Portion)	<u>1,050,861</u>	<u>456,334</u>
TOTAL LIABILITIES	<u>1,706,502</u>	<u>905,116</u>
NET ASSETS		
Unrestricted	6,246,271	4,808,211
Temporarily Restricted	<u>100,641</u>	<u>88,849</u>
TOTAL NET ASSETS	<u>6,346,912</u>	<u>4,897,060</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 8,053,414</u>	<u>\$ 5,802,176</u>

See accompanying accountant's review report and notes to
financial statements.

CHRISTIANA FIRE COMPANY, INC.
Statements of Activities and
Changes in Net Assets
For the Year Ended June 30, 2018 With Summarized
Information for the Year Ended June 30, 2017

	2 0 1 8			2017
	UNRESTRICTED	TEMPORARILY RESTRICTED	Total	Summarized Information
SUPPORT AND REVENUES:				
Ambulance Service	\$2,428,182	\$ -0-	\$2,428,182	\$2,028,882
Fire and EMS Appropriations	1,398,680	226,934	1,625,614	1,499,911
Fund Drives	216,305	108,376	324,681	335,763
Donations	17,857	-0-	17,857	23,287
Hall Rental	30,904	-0-	30,904	83,959
Special Events - Net	4,867	-0-	4,867	22,250
Ladies Auxiliary - Net	513	-0-	513	895
Fire Prevention	775	-0-	775	900
Other Income	37,799	-0-	37,799	35,955
Investment Income	60,957	-0-	60,957	31,554
Gain (Loss) on Disposal of Assets	779,088	-0-	779,088	(1,003)
Unrealized Gain on Investments	22,503	-0-	22,503	32,060
Net Assets Released from Restrictions: Satisfaction of Program Restrictions	<u>323,518</u>	<u>(323,518)</u>	<u>-0-</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUES	<u>5,321,948</u>	<u>11,792</u>	<u>5,333,740</u>	<u>4,094,413</u>
EXPENSES				
PROGRAM SERVICES				
Fire Suppression	1,110,601	-0-	1,110,601	910,204
Ambulance	2,523,447	-0-	2,523,447	2,457,195
Hall and Bar	49,124	-0-	49,124	81,600
SUPPORTING SERVICES				
Administrative & General	132,541	-0-	132,541	195,351
Fundraising	<u>68,175</u>	<u>-0-</u>	<u>68,175</u>	<u>45,379</u>
TOTAL EXPENSES	<u>3,883,888</u>	<u>-0-</u>	<u>3,883,888</u>	<u>3,689,729</u>
CHANGES IN NET ASSETS	1,438,060	11,792	1,449,852	404,684
NET ASSETS -				
Beginning of the year	4,808,211	88,849	4,897,060	4,589,297
Prior Period Adjustment	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(96,921)</u>
NET ASSETS - END OF THE YEAR	<u>\$6,246,271</u>	<u>\$ 100,641</u>	<u>\$6,346,912</u>	<u>\$4,897,060</u>

See accompanying accountant's review report and notes to
financial statements.

CHRISTIANA FIRE COMPANY, INC.
 Statements of Functional Expenses
 For the Year Ended June 30, 2018 with Summarized
 Information for the Year Ended June 30, 2017

	PROGRAM			
	Fire <u>Suppression</u>	<u>Ambulance</u>	Hall <u>& Bar</u>	<u>Total</u>
Ambulance Billing	\$ -0-	\$ 103,655	\$ -0-	\$ 103,655
Amortization	733	-0-	-0-	733
Bad Debt	-0-	130,339	-0-	130,339
Company Store	-0-	-0-	-0-	-0-
Convention and Parade	-0-	-0-	-0-	-0-
Depreciation	306,329	212,374	2,948	521,651
Dues, Fees, and Subscriptions	-0-	-0-	-0-	-0-
Employee Benefits	33,863	168,309	-0-	202,172
Employee Supplies and Equipment	1,371	13,798	-0-	15,169
Entertainment and Food	-0-	-0-	3,424	3,424
Equipment - Disposable	1,418	45,688	-0-	47,106
Equipment - Portable	26,007	32,156	-0-	58,163
Equipment - Station	3,057	-0-	-0-	3,057
Fuel	72,850	43,923	-0-	116,773
Fund Drive Services	-0-	-0-	-0-	-0-
Insurance	62,828	43,633	10,323	116,784
Interest	10,559	12,212	-0-	22,771
License	-0-	-0-	-0-	-0-
Maintenance - Apparatus	111,488	15,106	-0-	126,594
Maintenance - Station	15,942	14,544	3,742	34,228
Marketing	-0-	-0-	-0-	-0-
Member Expenses	-0-	-0-	-0-	-0-
Office	-0-	-0-	-0-	-0-
Payroll Taxes	18,483	110,338	-0-	-0-
Pension	168,794	5,057	102	128,923
Professional Services	-0-	-0-	-0-	173,851
Public Safety and Fire Prevention	2,198	-0-	-0-	-0-
Radio	180	1,544	-0-	2,198
Recreation	-0-	-0-	1	1,725
Refreshments	-0-	-0-	-0-	-0-
Salaries	176,133	1,514,198	-0-	-0-
Supplies - Station	513	4,562	1,336	1,691,667
Telephone and Internet	5,697	17,605	7,701	12,776
Training	47,564	16,197	3,799	27,101
Trash	2,011	1,755	-0-	63,761
Travel	6,575	-0-	2,139	5,905
Turnout Gear	17,930	-0-	-0-	6,575
Utilities	18,078	-0-	-0-	17,930
	<u>18,078</u>	<u>16,454</u>	<u>13,609</u>	<u>48,141</u>
<u>TOTAL EXPENSES</u>	<u>\$1,110,601</u>	<u>\$2,523,447</u>	<u>\$ 49,124</u>	<u>\$3,683,172</u>

SUPPORTING SERVICES			2018	2017
Administrative & General	Fundraising	Total	Total Expenses	Total Expenses
\$ -0-	\$ -0-	\$ -0-	\$ 103,655	\$ 139,673
-0-	-0-	-0-	733	733
-0-	-0-	-0-	130,339	18,398
9,670	-0-	9,670	9,670	23,521
2,324	-0-	2,324	2,324	1,368
13,125	850	13,975	535,626	531,677
10,032	-0-	10,032	10,032	11,022
-0-	2,236	2,236	204,408	186,455
-0-	-0-	-0-	15,169	16,483
-0-	40	40	3,464	33,270
-0-	-0-	-0-	47,106	32,571
-0-	-0-	-0-	58,163	63,172
-0-	-0-	-0-	3,057	5,497
-0-	-0-	-0-	116,773	87,898
-0-	50,134	50,134	50,134	28,222
3,390	-0-	3,390	120,174	127,701
-0-	-0-	-0-	22,771	31,379
-0-	-0-	-0-	-0-	1,400
229	-0-	229	126,823	120,448
3,795	-0-	3,795	38,023	25,794
-0-	150	150	150	195
15,747	-0-	15,747	15,747	27,491
39,967	-0-	39,967	39,967	58,128
-0-	869	869	129,792	127,592
-0-	2,528	2,528	176,379	52,828
20,813	-0-	20,813	20,813	28,331
-0-	-0-	-0-	2,198	2,531
-0-	12	12	1,737	10,055
1,000	-0-	1,000	1,000	1,428
5,823	-0-	5,823	5,823	7,059
-0-	11,356	11,356	1,703,023	1,714,333
51	-0-	51	12,827	30,494
1,404	-0-	1,404	28,505	27,561
-0-	-0-	-0-	63,761	51,550
702	-0-	702	6,607	8,880
-0-	-0-	-0-	6,575	-0-
-0-	-0-	-0-	17,930	5,452
<u>4,469</u>	<u>-0-</u>	<u>4,469</u>	<u>52,610</u>	<u>49,139</u>
<u>\$ 132,541</u>	<u>\$ 68,175</u>	<u>\$ 200,716</u>	<u>\$3,883,888</u>	<u>\$3,689,729</u>

See accompanying accountant's review report and notes to financial statements.

CHRISTIANA FIRE COMPANY, INC.
Statements of Cash Flows
For the Years Ended June 30,

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2 0 1 8</u>	<u>2 0 1 7</u>
Cash Received from Activities	\$ 4,089,624	\$ 4,041,861
Cash Paid to		
Suppliers and Employees	(3,130,484)	(3,054,798)
Interest and Dividends Received	60,957	31,554
Interest Paid	<u>(23,508)</u>	<u>(32,443)</u>
NET CASH PROVIDED		
BY OPERATING ACTIVITIES	<u>996,589</u>	<u>986,174</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(754,767)	(386,564)
Deposits on Fixed Assets	(606,621)	-0-
Proceeds from Sale of Fixed Assets	812,225	1,624
Purchase of Investments	(232,570)	(1,891,801)
Proceeds from Maturity of Investments	355,000	111,960
Proceeds from Deposit Received	<u>-0-</u>	<u>8,000</u>
NET CASH USED		
BY INVESTING ACTIVITIES	<u>(426,733)</u>	<u>(2,156,781)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan Proceeds Received	1,130,500	-0-
Principal Payments on Loans	<u>(388,333)</u>	<u>(388,333)</u>
NET CASH PROVIDED (USED)		
BY FINANCING ACTIVITIES	<u>742,167</u>	<u>(388,333)</u>
NET INCREASE (DECREASE) IN CASH	1,312,023	(1,558,940)
CASH BALANCE		
Beginning of Year	<u>539,437</u>	<u>2,098,377</u>
End of Year	\$ <u><u>1,851,460</u></u>	\$ <u><u>539,437</u></u>

See accompanying accountant's review report and notes to financial statements.

CHRISTIANA FIRE COMPANY, INC.
Statements of Cash Flows (continued)
For the Years Ended June 30,

	<u>2 0 1 8</u>	<u>2 0 1 7</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,449,852	\$ 404,684
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Amortization	733	733
Depreciation	535,626	531,677
Bad Debt Expense	130,339	18,398
(Gain) Loss on Disposal of Assets	(811,800)	1,003
Unrealized Gain on Investments	(22,503)	(32,060)
Investment Fees	295	210
Changes in Current Items -		
Decrease (Increase) in:		
Accounts Receivable	(369,783)	24,954
Grant Receivable	14,895	(14,895)
Prepaid Expense	1,716	(13,732)
Increase (Decrease) in:		
Accounts Payable	78,205	28,904
Simple Payable	(4,254)	2,700
Accrued Payroll	342	9,259
Accrued Vacation	(7,752)	25,344
Accrued Expenses	<u>678</u>	<u>(1,005)</u>
TOTAL NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u>996,589</u>	\$ <u>986,174</u>

See accompanying accountant's review report and notes to
financial statements.

CHRISTIANA FIRE COMPANY, INC.
Notes to Financial Statements
For the Years Ended June 30, 2018 and 2017

NOTE 1 NATURE OF ENTITY

The Christiana Fire Company, Inc. is an incorporated volunteer fire company, serving the areas of Christiana and the surrounding area in Delaware. It provides fire prevention, training, EMS assistance, and fire suppression services. The Organization's principal funding sources are the State of Delaware, New Castle County, private donations, and billing for ambulance services.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this basis of accounting revenues are recognized when earned and expenses are recognized in the period when incurred. Accordingly, all significant receivables, payables and other liabilities are recognized.

Financial Statement Presentation

The Organization has elected to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. This presentation is a generally accepted financial accounting standard. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets - represent net assets that are not subject to statutory or donor-imposed stipulations.

Temporarily Restricted Net Assets - represent net assets subject to statutory or donor-imposed stipulations that will be met either by actions of the Organization or the passage of time.

Permanently Restricted Net Assets - represent net assets subject to donor-imposed stipulations that must be maintained permanently. The Organization does not have any permanently restricted net assets.

See accompanying accountant's review report.

CHRISTIANA FIRE COMPANY, INC.
Notes to Financial Statements (cont'd)
For the Years Ended June 30, 2018 and 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue and Support

Revenue and support is comprised primarily of State of Delaware and New Castle County appropriations and ambulance service revenue. Approximately 30% and 37% of revenue is from state and county appropriations for the years ended June 30, 2018 and 2017, respectively. State and county appropriations are recognized as revenue during the period in which they are intended to fund operations. Ambulance service revenue is recognized based on billings less previously agreed to contract adjustments. All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

During the year ended June 30, 2018, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. A number of volunteers have made contributions of their time to the Organization's program and supporting services, however, these services do not meet the criteria for recognition as contributed services.

Ambulance Service Revenue and Accounts Receivable

The Organization earns revenue for the ambulance services it provides to individuals who request their assistance in various emergency and non-emergency situations. The revenue is billed to the insurance carriers of the individuals who were provided ambulance services, or directly to individuals who were uninsured. The billing of ambulance services is performed by a third-party billing agency, on behalf of the Organization. The third-party billing agency collects the fees for all services billed and charges a commission for all collections as a fee for its services.

Accounts receivable are amounts due for ambulance services as of June 30, 2018 and 2017. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessments of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

See accompanying accountant's review report.

CHRISTIANA FIRE COMPANY, INC.
Notes to Financial Statements (cont'd)
For the Years Ended June 30, 2018 and 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Ambulance Service Revenue and Accounts Receivable (cont'd)

Accounts receivable, net of the allowance for doubtful accounts, is as follows:

	<u>2018</u>	<u>2017</u>
Accounts Receivable	\$1,091,055	\$ 721,272
Allowance for Doubtful Accounts	<u>(490,975)</u>	<u>(360,636)</u>
Accounts Receivable, Net	<u>\$ 600,080</u>	<u>\$ 360,636</u>

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Property and Equipment

Property and equipment are carried at cost. Property and equipment purchased over \$5,000 is capitalized and depreciated. Depreciation of property and equipment is computed on the straight-line method. Depreciation is based on the estimated useful lives of the assets as follows:

Building and Improvements	10-40 years
Ambulance Equipment	5-10 years
Computer Hardware	5-10 years
Equipment	5-10 years
Fire Equipment	5-10 years
Fire Trucks	5-10 years
Furniture and Fixtures	5-10 years
Radio Equipment	5-10 years

Expenditures for repairs and maintenance necessary to maintain property and equipment in efficient operating conditions are charged to operations. Expenditures that increase the useful lives of the assets are capitalized. Depreciation expense for the year ending June 30, 2018 and 2017 was \$535,626 and \$531,677, respectively.

Concentration of Credit Risk Arising From Cash Deposits In Excess Of Insured Limits

At various times during the fiscal year, the Christiana Fire Company, Inc.'s cash in bank balances exceeded the Federally insured limits. At June 30, 2018 and 2017 the Organization's uninsured cash balances totaled \$1,341,711 and \$244,943, respectively.

See accompanying accountant's review report.

CHRISTIANA FIRE COMPANY, INC.
Notes to Financial Statements (cont'd)
For the Years Ended June 30, 2018 and 2017

NOTE 3 FAIR VALUE MEASUREMENTS

The accounting principles followed by the Organization have clarified the definition of fair value, established a framework for measuring fair value and expands the disclosure requirements for fair value measurements. The carrying amounts for cash, grant receivable, prepaid expenses, and current liabilities reported in the statement of financial position approximate fair values.

Disclosure includes a reporting hierarchy in which fair value measurements in their entirety fall. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted market prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices included within Level 1, and Level 3 inputs are unobservable inputs and have the lowest priority. The Organization uses appropriate valuation techniques based on available inputs to measure the fair value of its investments. When available, the Company measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available.

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at June 30, 2018:

	<u>Total</u>	<u>Level One</u>	<u>Level Two</u>	<u>Level Three</u>
Delaware Community Foundation Mutual Fund Holdings	\$ 12,016	\$ -0-	\$ -0-	\$12,016
Ladies Auxiliary - Equity Stock Holdings	7,340	7,340	-0-	-0-
Ladies Auxiliary CD Maturing on 12/16/18 at .05 %	15,784	-0-	15,784	-0-
Vanguard Investments, Mutual Fund Holdings	2,240,373	2,240,373	-0-	-0-
Total Investments	<u>\$2,275,513</u>	<u>\$2,247,713</u>	<u>\$ 15,784</u>	<u>\$12,016</u>

Other assets, including property and equipment, are also subject to periodic impairment assessments under accounting principles, however these assets have been omitted from the above disclosure.

See accompanying accountant's review report.

CHRISTIANA FIRE COMPANY, INC.
Notes to Financial Statements (cont'd)
For the Years Ended June 30, 2018 and 2017

NOTE 4 INVESTMENTS

Investments are certificates of deposit, equity securities, and mutual fund holdings that are primarily for near term sales. These securities have been marked to market and unrealized gains and losses were included in the Statements of Activities and Changes in Net Assets. For the years ended June 30, 2018 and 2017, there was a \$22,053 and \$32,060 Unrealized Gain, respectively. The cost basis for these securities was \$2,212,576.

The Organization's marketable securities are exposed to various risks, such as interest rate, market, currency and credit risks. Due to the level of risk associated with the Organization's marketable securities and the level of uncertainty related to changes in the value of the marketable securities, it is at least reasonably possible that changes in risks in the near term would materially affect the assets reported in the financial statements.

NOTE 5 LONG-TERM DEBT

The Organization's long-term debt consisted of the following at June 30, :

	<u>2 0 1 8</u>	<u>2 0 1 7</u>
Note Payable - Citizens Bank secured by equipment; interest at 2.0% above LIBOR Advantage Rate; annual payments of \$183,333; final payment due 2019	\$ 183,334	\$366,667
Note Payable - Citizens Bank secured by equipment; interest at 2.0% above LIBOR Advantage Rate; annual payments of \$35,000; final payment due 2019	35,000	70,000
Note Payable - Citizens Bank secured by equipment; interest at 3.83%; annual payments of \$102,000; final payment due 2020	170,000	340,000
Note Payable - Shore United Bank secured by equipment; interest at 2.9%; monthly payments of \$14,908.88 until June 6, 2025	<u>1,130,500</u> 1,518,834	<u>-0-</u> 776,667
Less: current portion	<u>467,973</u>	<u>320,333</u>
Net long-term debt	<u>\$1,050,861</u>	<u>\$456,334</u>

See accompanying accountant's review report.

CHRISTIANA FIRE COMPANY, INC.
Notes to Financial Statements (cont'd)
For the Years Ended June 30, 2018 and 2017

NOTE 5 LONG-TERM DEBT (cont'd)

Interest expense for the years ended June 30, 2018 and 2017 was \$22,771 and \$31,379, respectively.

Maturities of Long-Term debt for each of the next five years are as follows:

Year ending June 30:

2019	\$ 467,973
2020	219,968
2021	156,568
2022	161,234
2023	166,039
Thereafter	<u>347,052</u>
Total	\$ <u>1,518,834</u>

NOTE 6 PENSION

The Organization offers members the opportunity to participate in the Volunteer Firemen's Pension Plan, maintained by the State of Delaware. The Organization pays the entire contribution if a member meets at least one of four requirements regarding the amount of time spent participating in various activities. The expenses incurred were \$53,726 and \$51,478 for the years ended June 30, 2018 and 2017, respectively.

During this fiscal year, the Organization elected to participate in the State of Delaware County/Municipal Employee Pension Plans. All full-time employees of the Organization may participate. The State of Delaware determines the Organization's matching rate. The Organization's total contributions to retirement plans on behalf of employees was \$122,653, which constitutes the buy in amount to participate in the plan.

The Organization offers a simple pension plan covering eligible employees. The Organization makes matching contributions up to 3% of a participant's annual salary. The matching contribution for the years ending June 30, 2018 and 2017 amounted to \$719 and \$1,350, respectively.

See accompanying accountant's review report.

CHRISTIANA FIRE COMPANY, INC.
Notes to Financial Statements (cont'd)
For the Years Ended June 30, 2018 and 2017

NOTE 7 BANK COVENANT

Under the Loan Agreement the Organization is required to maintain a Debt Service Coverage Ratio. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) (plus Rental Expense) to Interest Expense and CMLTD (Current Maturity of Long-Term Debt) (plus Rental Expense). The Borrower shall not permit the ratio of its EBITDA, minus taxes paid in cash and distributions, plus Rental expenses to Interest Expense, plus CMLTD and Rental Expense, to be less than 1.15 to 1.0 for any fiscal year, to be tested annually. The Organization's ratio was 4.09 and 2.76 for the years ended June 30, 2018 and 2017, respectively.

NOTE 8 INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization's income tax status is a privilege, which may be revoked by the IRS for any one of several reasons. The Organization has considered the nature of their activities and the disclosures made on their tax return, Form 990, and believes their reporting is appropriate based on current facts and circumstances. Accordingly, there are no provisions for income taxes, penalties, or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements. Generally, the tax returns filed for the most recent three fiscal years are open for review.

NOTE 9 FUNDS HELD BY DELAWARE COMMUNITY FOUNDATION

In September 2016, the Organization executed an Endowment Fund Agreement with the Delaware Community Foundation (DCF). Specific Endowment Fund contributions received by DCF are accounted for and designated by DCF as Christiana Fire Company Endowment Fund (Fund). The contributions received are invested and commingled with other DCF investments. The Fund is a component fund of DCF as defined under the Internal Revenue Code. The assets of the Fund are included in the statements of financial position.

The Agreement specifies that the Annual Distribution Amount is computed annually at the fiscal year-end and is currently five percent of the average Fund balance for the previous twelve quarters. The Organization retains the option of having the entire principle of the fund, unless some portion of the donated funds have a donor restriction preventing their return, available for their use under whatever guidelines are approved by the Organization.

See accompanying accountant's review report.

CHRISTIANA FIRE COMPANY, INC.
Notes to Financial Statements (cont'd)
For the Years Ended June 30, 2018 and 2017

NOTE 9 FUNDS HELD BY DELAWARE COMMUNITY FOUNDATION (cont'd)

No income was distributed from the Fund for the year ended June 30, 2018. The balance available for distribution at June 30, 2018 is \$541.

The DCF Fund investments for the benefit of the Organization consist of the following:

Pooled Funds	\$ <u>12,016</u>
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The pooled funds are invested in domestic equities, fixed income securities, global equities, money market and other cash equivalents. The fair value is determined by DCF as of the balance sheet date.

The following schedule summarizes the investment activity from the Organization's DCF investments:

Beginning Balance	\$ 11,209
Additions:	
Investment	405
Investment Income	
and Unrealized Gains	697
Administrative Fees	(295)
Distributions	<u>-0-</u>
Ending Balance	\$ <u>12,016</u>

NOTE 10 USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 11 STATE AND COUNTY APPROPRIATIONS

The Organization is the recipient of State of Delaware and New Castle County funding. The Organization may be under obligation to repay these funds if, upon final review by the respective funding agencies, the funds expended do not meet the established program objectives. As of October 10, 2018, management is not aware of any repayment requests.

See accompanying accountant's review report.

CHRISTIANA FIRE COMPANY, INC.
Notes to Financial Statements (cont'd)
For the Years Ended June 30, 2018 and 2017

NOTE 12 CONCENTRATIONS

Approximately 30% of the Organization's unrestricted income for the year ended June 30, 2018 was from two funding sources. The Organization is also dependent on ambulance billing revenue which supports the employee costs associated with the emergency medical services they provide. For the year ended June 30, 2018, salaries and related expenses were 110% of net ambulance billing income.

NOTE 13 TEMPORARILY RESTRICTED NET ASSETS

Net assets are temporarily restricted as of June 30, 2018 for the following purposes:

Capital Campaign	<u>\$100,641</u>
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NOTE 14 COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are outstanding various commitments and contingencies in addition to the normal purchases of goods and services. The Organization does not anticipate losses as a result of these commitments and contingencies.

NOTE 15 PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2017, an error was discovered in which the Organization's property and equipment schedule was not in agreement with their accounting records. There was also an asset purchased in 2008 that had not been depreciated appropriately. Adjustments totaling \$95,367 were made to decrease prior year net property and equipment and unrestricted net assets.

In addition, an error was discovered in which the Organization's simple pension liability was understated. An adjustment of \$1,554 was made to increase the liability and decrease unrestricted net assets.

NOTE 16 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure through October 10, 2018, which is the date the financial statements were available to be issued.

See accompanying accountant's review report.

CHRISTIANA FIRE COMPANY, INC.
Notes to Financial Statements (cont'd)
For the Years Ended June 30, 2018 and 2017

NOTE 17 COMPARATIVE FINANCIAL STATEMENTS

The financial statements include certain prior-year summarized comparative information, which has been restated in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. The summarized information was derived from the Organization's financial statements for the year ended June 30, 2017.

See accompanying accountant's review report.

CHRISTIANA FIRE COMPANY, INC.
2 EAST MAIN STREET
CHRISTIANA, DELAWARE 19702

MEMORANDUM - AUDIT TRANSMITTAL FORM

DATE: _____

TO: Delaware State Fire Prevention Commission
1463 Chestnut Grove Road
Dover, Delaware 19904

FROM: Christiana Fire Company, Inc.

RE: Fiscal Year Ending June 30, 2018 Audit Report

REMARKS: Attached herewith are the reviewed reports as required under Regulation 708,
Chapter 1, of the Delaware State Fire Prevention Regulations:

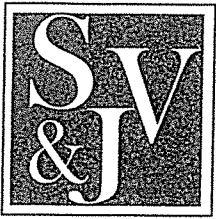
1. Accountant's Report 3.1.1
2. Financial Statements, including 3.1.2
 - a. Statement of Financial Position 3.1.2.1
 - b. Statement of Revenue and Expenses 3.1.2.2
 - c. Statement of Cash Flow 3.1.2.3
 - d. Notes to Financial Statements 3.1.2.4
3. Letter of Observations and/or Comments 3.1.2.5
4. Letter of Representation 3.1.2.6



President



Treasurer - JEFFREY D SHIELDS



SPARANO, VINCELETTE & JOINER

CERTIFIED PUBLIC ACCOUNTANTS

1814 NEWPORT GAP PIKE
WILMINGTON, DELAWARE 19808

PHONE (302) 999-7300
FAX (302) 999-7183

CHARLES J. VINCELETTE, CPA
EVELYN M. JOINER, CPA

October 29, 2018

Jeff Shields
Christiana Fire Company
2. E. Main Street
Christiana, DE 19702

RE: Letter of Recommendations

Jeff,

We understand a letter of recommendations is required to be submitted with your report to the State Fire Prevention Commission. We performed a review service for the year ended June 30, 2018. In a review, we don't perform procedures which would identify any recommendations or comments. Accordingly, there were no observations or comments from us for the year ending June 30, 2018.

Please do not hesitate to contact us should you have any questions.

Sincerely,


Evelyn M. Joiner, CPA, CDFATM

CHRISTIANA FIRE COMPANY, INC.
2 East Main Street
Newark, DE 19702

October 10, 2018

Sparano, Vincelette, & Joiner CPAs
1814 Newport Gap Pike
Wilmington, Delaware 19808

We are providing this letter in connection with your review of the financial statements of Christiana Fire Company, which comprise the statement of financial position, and the related statements of activities and changes in net assets, functional expenses, and cash flows as of June 30, 2018 and for the year then ended, and the related notes to the financial statements, for the purpose of obtaining limited assurance as a basis for reporting whether you are aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of October 10, 2018, the following representations made to you during your review:

1. We acknowledge our responsibility and have fulfilled our responsibilities for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, as set out in the terms of the engagement.
2. We have made available to you all -
 - a. Financial records and related data, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements.
 - b. Minutes of the meetings of trustees, board of directors, and committees of directors (or similar bodies, as applicable), or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - c. Additional information you have requested from us for the purpose of the review.

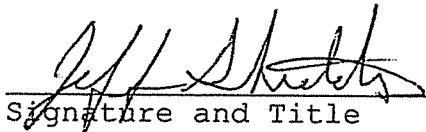
- d. Unrestricted access to organization personnel from whom you determined it necessary to obtain review evidence.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. All transactions have been recorded and have been properly reflected in the financial statements.
5. There are no uncorrected misstatements.
6. We acknowledge and have fulfilled our responsibility for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
7. We acknowledge our responsibility for designing, implementing, and maintaining internal control to prevent and detect fraud.
8. We have no knowledge of any fraud or suspected fraud affecting the organization involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements.
9. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements as a whole communicated by employees, former employees, analysts, regulators, or others.
10. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
11. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
12. The following have been properly recorded or disclosed in the financial statements:
 - a. Related-party transactions and related accounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees.
 - b. Guarantees, whether written or oral, under which the Organization is contingently liable.
 - c. Commitments to purchase or sell investments or agreements to repurchase assets previously sold.

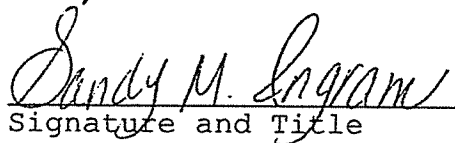
- d. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with FASB ASC 275, *Risks and Uncertainties*.
13. There are no:
- a. Known or suspected instances of noncompliance with laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with FASB ASC 450, *Contingencies*, and we have not consulted a lawyer concerning litigation, claims, or assessments.
 - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, *Contingencies*.
14. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged except as made known to you and disclosed in the notes to the financial statements.
15. There are no designations of net assets that were not properly authorized and approved or reclassifications of net assets that have not been properly reflected in the financial statements.
16. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
17. We believe significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable in the circumstances.
18. We are in agreement with the adjusting journal entries, if any, you have recommended, and they have been posted to the organization's accounts.
19. No events have occurred subsequent to the date of the financial statements and through the date of this letter that would require adjustments to, or disclosure in, the aforementioned financial statements.
20. We have responded fully and truthfully to all inquiries made to us by you during your review.

Sparano, Vincelette, & Joiner CPAs
1814 Newport Gap Pike
October 10, 2018
Page 4

21. In regards to the financial statement preparation services performed by you, we have:

- Assumed all management responsibilities.
- Overseen the services by designating an individual who possesses suitable skill, knowledge, and/or experience.
- Evaluated the adequacy and results of the services performed.
- Accepted responsibility for the results of the services.

 Treasurer
Signature and Title

 Administrator
Signature and Title