

**DELAWARE VOLUNTEER FIREMEN'S AND
LADIES AUXILARY MUTUAL RELIEF
ASSOCIATION, INC.**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

**DELAWARE VOLUNTEER FIREMEN'S AND
LADIES AUXILIARY MUTUAL RELIEF ASSOCIATION, INC.**

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BUMPERS & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors

Delaware Volunteer Firemen's and Ladies Auxiliary Mutual Relief Association, Inc.

We have reviewed the accompanying financial statements of Delaware Volunteer Firemen's and Ladies Auxiliary Mutual Relief Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities and cash flows for the years 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 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 the review engagements 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 reviews, 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 accounting principles generally accepted in the United States of America.

Bumpers & Company

Wilmington, Delaware
February 27, 2020

**DELAWARE VOLUNTEER FIREMEN'S AND
LADIES AUXILIARY MUTUAL RELIEF ASSOCIATION, INC.**

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

ASSETS

	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash and Cash Equivalents	\$ 511,854	\$ 539,967
Premiums and Dues Receivable	127,020	101,821
Prepaid Insurance	240,367	225,999
Federal Tax Receivable	<u>271</u>	<u>160</u>
Total Current Assets	<u>879,512</u>	<u>867,947</u>
Equipment:		
Office Equipment	600	600
Less: Accumulated Depreciation	<u>(430)</u>	<u>(310)</u>
Total Equipment	<u>170</u>	<u>290</u>
Other Assets:		
Certificate of Deposit – Guaranty Fund	30,000	30,000
Cash Held in Benefit Fund	<u>41,458</u>	<u>41,251</u>
Total Other Assets	<u>71,458</u>	<u>71,251</u>
Total Assets	<u>\$ 951,140</u>	<u>\$ 939,488</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Deferred Premium Income	\$ <u>261,768</u>	\$ <u>271,235</u>
Total Current Liabilities	<u>261,768</u>	<u>271,235</u>
Total Liabilities	<u>261,768</u>	<u>271,235</u>
Net Assets:		
Without Donor Restrictions	603,968	597,599
Without Donor Restrictions, but Designated in Accordance with:		
Delaware Law Title 18, Chapter 55, §5509	25,000	25,000
Delaware Law Title 18, Chapter 55, §5510	<u>60,404</u>	<u>45,654</u>
Total Net Assets	<u>689,372</u>	<u>668,253</u>
Total Liabilities and Net Assets	<u>\$ 951,140</u>	<u>\$ 939,488</u>

See accompanying notes and independent accountant's review report.



**DELAWARE VOLUNTEER FIREMEN'S &
LADIES AUXILIARY MUTUAL RELIEF ASSOCIATION, INC.**

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Net Assets without Donor Restrictions:		
Support:		
Accident Insurance Reimbursements	\$ 225,709	\$ 234,116
Burial Aid Benefits	29,500	21,000
Dues Income	<u>5,900</u>	<u>3,000</u>
Total Support	<u>261,109</u>	<u>258,116</u>
Insurance Expense and Benefits Paid		
Accident Insurance	225,886	231,194
Burial Aid Benefits	10,000	13,000
Other	<u>628</u>	<u>220</u>
Total Benefits Paid	<u>236,514</u>	<u>244,414</u>
Net Support	24,595	13,702
Investment Income		
Interest – Certificates and Savings	<u>7,107</u>	<u>1,796</u>
Total Investment Income, Net	<u>7,107</u>	<u>1,796</u>
Available for Other Operating Expenses	<u>31,702</u>	<u>15,498</u>
Other Operating Expenses:		
Depreciation	120	120
Franchise Tax	25	25
Legal and Accounting	4,300	4,300
Office Expenses and Printing	151	471
Trustee Fees and Expenses	<u>5,987</u>	<u>5,675</u>
Total Other Operating Expenses	<u>10,583</u>	<u>10,591</u>
Change in Net Assets without Donor Restrictions	21,119	4,907
Net Assets – Beginning of the Year	<u>668,253</u>	<u>663,346</u>
Net Assets – End of the Year	\$ <u>689,372</u>	\$ <u>668,253</u>

See accompanying notes and independent accountant's review report.



**DELAWARE VOLUNTEER FIREMEN'S AND
LADIES AUXILIARY MUTUAL RELIEF ASSOCIATION, INC.**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Premium Insurance Reimbursements Collected	\$ 197,043	\$ 267,302
Burial Benefits Collected	24,500	23,800
Dues Collected	4,900	3,400
Interest	7,107	1,796
Operating Expenses Paid	(261,456)	(251,553)
Net Cash (Used In) Provided by Operating Activities	<u>(27,906)</u>	<u>44,745</u>
Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash	(27,906)	44,745
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	<u>611,218</u>	<u>566,473</u>
Cash, Cash Equivalents, and Restricted Cash at End of Year	<u>\$ 583,312</u>	<u>\$ 611,218</u>
A summary of Cash, Cash Equivalents, and Restricted Cash at End of Year is as follows:		
Cash and Cash Equivalents	\$ 511,854	\$ 539,967
Certificate of Deposit – Guaranty Fund	30,000	30,000
Cash Held in Benefit Fund – Restricted Cash	<u>41,458</u>	<u>41,251</u>
Cash, Cash Equivalents, and Restricted Cash at End of Year	<u>\$ 583,312</u>	<u>\$ 611,218</u>

See accompanying notes and independent accountant's review report.



**DELAWARE VOLUNTEER FIREMEN'S AND
LADIES AUXILIARY MUTUAL RELIEF ASSOCIATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Note 1 – Summary of Significant Accounting Policies.

NATURE OF ACTIVITIES

The Delaware Volunteer Firemen's and Ladies Auxiliary Mutual Relief Association, Inc. (the Association) provides for life and health insurance coverage within policy limitations on its membership, in exchange for an annual premium. Membership is composed of organizations (generally volunteer fire departments) providing fire, rescue, and ambulance services within the state of Delaware.

BASIS OF PRESENTATION

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) on Financial Statements of Not-For-Profit Organizations. Under FASB ASC, the Association is required to report information regarding its financial position and activities according to net assets with donor restrictions and net assets without donor restrictions. The Association has no net assets with donor restrictions.

BASIS OF ACCOUNTING

The financial statements of Delaware Volunteer Firemen's and Ladies Auxiliary Mutual Relief Association, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Effective January 1, 2019, GAAP requires that revenue from contracts with customers should be recognized when an entity transfers goods or services to the customer at the amount that the entity expects to be entitled to receive from the customer using a five-step approach for recognizing and measuring revenue. This five-step process includes, 1) identify the contract with the customer, 2) identify the separate performance obligations in the contract, 3) determine the transaction price, 4) allocate the transaction price to the separate performance obligations and, 5) recognize revenue when or as each performance obligation is satisfied. As a result, a contract asset arises when an entity transfers a good or performs a service in advance of receiving consideration from a customer. A contract asset becomes a receivable once an entity's right to the consideration becomes unconditional. A contract liability arises when an entity receives consideration from its customer in advance of the performance. The implementation of this standard had no effect on revenue in the financial statements.

In 2019, the Company adopted Accounting Standards Update 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, which changes the presentation of restricted cash and cash equivalents on the statement of cash flows by including restricted cash equivalents with cash and cash equivalents when reconciling the beginning of the period and end of the period total amounts shown on the statement of cash flows.

See accompanying independent accountant's review report.



**DELAWARE VOLUNTEER FIREMEN'S AND
LADIES AUXILIARY MUTUAL RELIEF ASSOCIATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

Note 1 – Summary of Significant Accounting Policies (Continued)

REVENUE AND SUPPORT WITH DONOR RESTRICTIONS AND WITHOUT DONOR RESTRICTIONS

Contributions and grants received are recorded as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Net assets without donor restrictions are not subject to grantor or donor-imposed restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the Statements of Activities as net assets released from restrictions.

Net assets with donor restriction also includes assets that are restricted by the donor to be maintained by the Association into perpetuity. Income, Revenues, Gains and other support from these assets with donor restrictions are available for use without donor restrictions unless specifically restricted by the donor.

PREPAID INSURANCE

Insurance is billed to each participating member in the year prior to when the new policy period begins which is January 1 of the respective year. Prepaid insurance as of December 31, 2019 and 2018 was \$240,367 and \$225,999, respectively, and represents insurance premiums paid for the years ended December 31, 2020 and 2019, respectively.

PREMIUMS AND DUES RECEIVABLE

Premiums and dues receivable are recorded when invoices are issued. Premiums and dues receivable represent the amounts billed to the Fire Companies for insurance and dues. Management believes that all premiums and dues receivable are collectible and no allowance for doubtful accounts is necessary.

EQUIPMENT

Equipment is stated at cost. The Association capitalizes equipment acquired with a cost in excess of \$400. Depreciation is computed using the straight-line method over the assets estimated useful life.

Routine maintenance of equipment is charged to operations and improvements, betterments and restorations are capitalized. Upon retirement, sale or other disposition of equipment, the costs and accumulated depreciation are eliminated from the accounts and resulting gains or losses are included in operations.

See accompanying independent accountant's review report.



**DELAWARE VOLUNTEER FIREMEN'S AND
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

Note 1 – Summary of Significant Accounting Policies (Continued).

DEFERRED PREMIUM INCOME

Deferred premium income has been recorded and represents the excess of the premium income collected or receivable over the amount of premium income earned.

DONATED SERVICES

Donated services are recorded as contributions at their estimated fair value at the date of receipt to the extent that they create or enhance non-financial assets or require specialized skills, which if not provided by donation, would have to be purchased by the Association. No amounts have been recognized in the accompanying Statements of Activities for either of the years ended December 31, 2019 and 2018 because the above stated criteria required for recognition has not been satisfied.

INCOME TAX STATUS

The Association is exempt from income taxes under Internal Revenue Code Section 501(c)(4). Accordingly, no provision for income taxes is included in the financial statements.

In accordance with FASB ASC related to Accounting for Uncertainty in Income Taxes, penalties and interest assessed by income taxing authorities would be shown (if any) under Other Operating Expenses. There were no penalties and interest for either of the years ended December 31, 2019 or 2018.

STATEMENT OF CASH FLOWS

For purposes of the statements of cash flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash.

DESIGNATION OF NET ASSETS WITHOUT DONOR RESTRICTION

As required by the Delaware Insurance Code, a Guaranty Fund is maintained by the Association for the benefit and protection of policyholders. This fund is held in a Certificate of Deposit with TD Bank.

As required by the Delaware Insurance Code, a Benefit Fund is maintained as a formal segregated fund equal to or greater than 50% of dues collected. The reserve shall be available for the payment of membership claims, increases to the guaranty fund, and legal expenses incurred in the connection with defending claims. This fund is held in an interest-bearing account with TD Bank.

As of December 31, 2019 the Association is not in compliance with the requirements of the Delaware Insurance Code indicated above. The TD Bank Escrow account balance as of December 31, 2019 is not sufficient to cover the Benefit Fund reserve requirement and the Association will need to deposit \$18,946 in order to come back in compliance. The Association has not been in compliance since December 31, 2017.

See accompanying independent accountant's review report.



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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

Note 1 – Summary of Significant Accounting Policies (Continued).

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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 27, 2020, which is the date that the financial statements were available to be issued.

Note 2 – Certificate of Deposit – Guaranty Fund.

The Association maintains a 5-year certificate of deposit with TD Bank which was renewed in 2018. The certificate of deposit bears interest at .90% and will mature in 2023. The interest is deposited into the TD checking account monthly.

Note 3 – Concentration of Credit Risk.

The Association maintains cash balances in institutions that may, at times, exceed federally insured limits. As of December 31, 2019 and 2018, the Association had uninsured cash balances in FDIC insured institutions of \$10,014 and \$112,236, respectively.

Premiums and dues collected are from volunteer fire companies within the State of Delaware. The Association's ability to collect premiums and dues from the volunteer fire companies could be impacted by economic conditions within the state and/or the Industry.

Note 4 – Burial Aid Program.

The Burial Aid Program came into effect in February of 2007. This program functions to provide aid for burial costs to members of the Delaware Volunteer Firefighter's Association during the first 10 years of membership. After ten years of service, the member becomes eligible for benefits from the State of Delaware and all liability by the Association ceases. Members will receive aid of \$1,000 per year of membership (following one probation year) up to \$7,000, to be used for funeral expenses. In 2019 and 2018, funeral expenses for this program totaled \$10,000 and \$13,000, respectively. Beginning in 2013, the Association began billing \$350 annually per company, to help fund this benefit. In 2019, this price increased to \$500 annually per company. This program is optional to each fire company and may be terminated at any time by the Board of Trustees.

See accompanying independent accountant's review report.



**DELAWARE VOLUNTEER FIREMEN'S AND
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

Note 5 – Availability of Financial Assets.

The Association has \$638,874 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$511,854, and receivables of \$127,020. \$85,404 is designated in accordance with Delaware Law Title 18, Chapter 55, 5509 and 5510, that makes it unavailable for general expenditures within one year of the statement of financial position date.

Note 6 – Methods to Allocate Expenses.

The Association's primary purpose is to provide insurance benefits to volunteer firefighters in the State of Delaware. Expenses for such activities have been classified as Insurance Expense and Benefits Paid on the Statements of Activities. This category includes the premiums paid for the insurance policies. Expenses related to the overall operation of the Association have been classified as other operating expenses on the Statements of Activities.

Note 7 – Classification of Expenses

The functional classification of expenses for the years ended December 31, 2019 and 2018 was \$247,097 and \$255,005, respectively of program expenses. There were no administrative expenses for either year.

See accompanying independent accountant's review report.

