

FINANCIAL REPORT
HARVEY VOLUNTEER FIRE COMPANY NO. 2
DECEMBER 31, 2020 AND 2019

HARVEY VOLUNTEER FIRE COMPANY NO. 2

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DECEMBER 31, 2020 AND 2019

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June 22, 2021

Board of Directors
Harvey Volunteer Fire Company No. 2
P. O. Box 1053
Harvey, Louisiana 70059

Report on the Financial Statements

We have audited the accompanying financial statements of Harvey Volunteer Fire Company No. 2 (a Louisiana non-profit organization) which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 organization'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 organization'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 financial position of Harvey Volunteer Fire Company No. 2 as of December 31, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2021, on our consideration of Harvey Volunteer Fire Company No. 2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harvey Volunteer Fire Company No. 2's internal control over financial reporting and compliance.


New Orleans, Louisiana

HARVEY VOLUNTEER FIRE COMPANY NO. 2
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash	\$ 2,099,525	\$ 1,501,917
Investments	95,707	94,819
Due from employee	-	200
Total current assets	<u>2,195,232</u>	<u>1,596,936</u>
PROPERTY AND EQUIPMENT:		
Land and land improvements	73,787	73,787
Furniture and fixtures	113,635	113,635
Automobiles and trucks	1,268,354	1,268,354
Equipment	1,815,829	2,025,986
Building improvements	1,410,502	1,410,502
Total	<u>4,682,107</u>	<u>4,892,264</u>
Less: accumulated depreciation	<u>3,007,917</u>	<u>3,042,284</u>
Net property and equipment	<u>1,674,190</u>	<u>1,849,980</u>
OTHER ASSETS:		
Investments	<u>31,308</u>	<u>30,876</u>
 TOTAL ASSETS	 <u><u>\$ 3,900,730</u></u>	 <u><u>\$ 3,477,792</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ -	\$ 48,299
Accrued expenses	74,265	40,836
Insurance claims payable	84,431	21,433
Total current liabilities	<u>158,696</u>	<u>110,568</u>
NET ASSETS:		
Without donor restrictions	<u>3,742,034</u>	<u>3,367,224</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 3,900,730</u></u>	 <u><u>\$ 3,477,792</u></u>

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
REVENUES:		
Sixth Fire Protection District Contract Fees:		
Ad valorem taxes	\$ 3,600,000	\$ 3,600,000
Insurance rebate	101,701	101,522
Capital Improvements	-	70,552
CARES Act funds	768,963	-
Interest	1,831	2,255
Lease income	-	2,013
Other income	228,710	328,919
Total support and revenues	4,701,205	4,105,261
EXPENSES:		
Program services:		
Firefighting services	4,101,966	4,717,193
Supporting services:		
General and administrative	215,344	217,398
Fundraising	9,085	11,895
Total expenses	4,326,395	4,946,486
CHANGE IN NET ASSETS	374,810	(841,225)
NET ASSETS, BEGINNING OF YEAR	3,367,224	4,208,449
NET ASSETS, END OF YEAR	\$ 3,742,034	\$ 3,367,224

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	<u>Supporting Services</u>		
	<u>Firefighting Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES:				
Accounting and legal	\$ -	\$ 17,773	\$ -	\$ 17,773
Conventions, seminars, and classes	9,490	-	-	9,490
Copy machine	-	2,098	-	2,098
Depreciation	167,000	8,790	-	175,790
Dues and subscriptions	7,166	-	-	7,166
Meals and entertainment	-	59	-	59
Fire equipment	62,708	-	-	62,708
Fuel	30,805	-	-	30,805
Public fire education	-	-	9,085	9,085
Insurance	903,221	47,538	-	950,759
Medical supplies	4,266	-	-	4,266
Miscellaneous	16,945	698	-	17,643
Office supplies	-	8,146	-	8,146
Payroll processing	17,318	911	-	18,229
Payroll taxes	160,433	8,444	-	168,877
Postage	1,279	67	-	1,346
Promotional	-	5,981	-	5,981
Repairs and maintenance	440,444	-	-	440,444
Radio	8,674	-	-	8,674
Retirement	87,318	4,596	-	91,914
Salaries	1,992,392	104,863	-	2,097,255
Telephone and utilities	102,211	5,380	-	107,591
Uniforms	9,759	-	-	9,759
Vehicle repairs	80,537	-	-	80,537
	<u>\$ 4,101,966</u>	<u>\$ 215,344</u>	<u>\$ 9,085</u>	<u>\$ 4,326,395</u>

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services			Total
	<u>Firefighting Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
EXPENSES:				
Accounting and legal	\$ -	\$ 18,316	\$ -	\$ 18,316
Conventions, seminars, and classes	12,700	-	-	12,700
Copy machine	-	2,071	-	2,071
Depreciation	181,074	9,530	-	190,604
Dues and subscriptions	6,109	-	-	6,109
Meals and entertainment	-	116	-	116
Fire equipment	37,608	-	-	37,608
Fuel	37,160	-	-	37,160
Public fire education	-	-	11,895	11,895
Insurance	893,668	47,035	-	940,703
Medical supplies	2,510	-	-	2,510
Miscellaneous	10,848	2,169	-	13,017
Office supplies	-	18,122	-	18,122
Payroll processing	18,549	976	-	19,525
Payroll taxes	145,872	7,678	-	153,550
Postage	1,651	87	-	1,738
Promotional	-	6,071	-	6,071
Repairs and maintenance	1,243,817	-	-	1,243,817
Radio	9,348	-	-	9,348
Retirement	78,049	4,108	-	82,157
Salaries	1,805,449	95,024	-	1,900,473
Service recognition	-	757	-	757
Telephone and utilities	101,418	5,338	-	106,756
Uniforms	8,913	-	-	8,913
Vehicle repairs	122,450	-	-	122,450
TOTAL EXPENSES	<u>\$ 4,717,193</u>	<u>\$ 217,398</u>	<u>\$11,895</u>	<u>\$ 4,946,486</u>

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 374,810	\$ (841,225)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	175,790	190,604
Decrease in due from employee	200	1,300
(Decrease) increase in accrued expenses	33,430	(44,460)
Decrease in accounts payable	(48,299)	(31,320)
Increase in insurance claims payable	62,997	14,723
Net cash provided (used) by operating activities	598,928	(710,378)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest earned on and reinvested in certificates of deposit	(1,320)	(1,620)
Net cash used by investing activities	(1,320)	(1,620)
NET CHANGE IN CASH	597,608	(711,998)
CASH, BEGINNING OF YEAR	1,501,917	2,213,915
CASH, END OF YEAR	\$ 2,099,525	\$ 1,501,917
NON CASH INVESTING ACTIVITIES:		
Interest earned on and reinvested in certificates of deposit	\$ 1,320	\$ 1,620

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

	<u>2020</u>	<u>2019</u>
Cash paid during the year for:		
Interest	\$ -	\$ -
Taxes	-	-

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NATURE OF OPERATIONS:

Harvey Volunteer Fire Company No. 2 (the Company) was organized on July 8, 1948, to provide the citizens in the Sixth Fire Protection District of Jefferson Parish with fire protection and related services. The Company has a contract with Jefferson Parish, which approved a Fire Protection Agreement between Fire Protection District No. 6 of the Parish of Jefferson, State of Louisiana, and Harvey Volunteer Fire Company No. 2. The Fire Protection Agreement was signed by the Company on May 11, 2018. The term of the Fire Protection is for ten years commencing on December 1, 2017 and ending on December 1, 2027.

The Company responds to emergencies such as floods and hurricanes. The Company maintains four fire stations and has thirty-four paid employees and thirty volunteers. The majority of the Company's revenue is derived from this contract.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the Company's significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of Accounting and Presentation:

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Company is required to report information regarding its financial position according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets. The Company only had net assets without donor restrictions as of December 31, 2020 and 2019.

The statement of activities presents expenses functionally between program services for firefighting, general and administrative, and fundraising. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

Revenues:

Substantially all of the fire department's revenue is derived from funds provided by the Fire Protection District No. 6 of Jefferson Parish to provide firefighting and rescue services to the designated area of the Fire Protection District No. 6 and is considered to be an exchange transaction within the scope of ASC Topic 606, *Revenue from Contracts with Customers*. The

HARVEY VOLUNTEER FIRE COMPANY NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenues: (Continued)

Parish pays the fire department monthly installments which represent the net proceeds of millage levied annually on the assessed valuation of property in the Fire Protection District No. 6. The revenue is recognized as the services are performed monthly. During the year ended December 31, 2020, Jefferson Parish received CARES Act money related to the COVID-19 pandemic. The amount allocated to the fire department totaled \$768,963 for 2020. Also during December 31, 2020 and 2019, the fire department received capital allocation funds from the Parish for the purchase of equipment and vehicles in the amount of \$79,448 and \$70,552, respectively.

In addition, the fire department routinely receives revenue from insurance rebates. The amount is received annually from the State of Louisiana through Jefferson Parish. The amount received is based on the number of homes within the fire district and totaled \$101,701 and \$101,522 for 2020 and 2019, respectively.

Donated Services:

No amounts have been reflected in the financial statements for donated services. Donated services were not recorded because the value of these services was not readily determinable. However, a substantial number of volunteers have donated significant amounts of their time to the Company's program services.

All members of the Board of Directors serve without compensation.

Cash:

For purposes of the statement of cash flows, the company considers all demand deposits, cash on hand, and other short-term assets at financial institutions with original maturity of three months or less to be cash.

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 certain reported amounts of assets and liabilities and the 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.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investments:

Investments in certificates of deposits are recorded at cost plus accrued interest. All certificates of deposit are expected to be held to maturity.

Property and Equipment:

Property and equipment, consisting primarily of furniture, fixtures, and equipment, are recorded at cost when purchased with private funds and at fair market value when received as a donation. The Fire Department capitalizes property and equipment purchases over \$1,000, and expenses those purchases under \$1,000. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Depreciation is computed using the straight-line method over the useful lives of the assets. The lives range from 5 to 39 years.

Effective with the contract signed in 2017, property and equipment no longer includes fire trucks and equipment purchased with funds received from the Fire Protection District No. 6 of Jefferson Parish. Historically, the fire department received subsidies from the Fire Protection District No. 6 of Jefferson Parish for the purchase of fire trucks and various equipment. The trucks and equipment were purchased by the fire department and donated back to the Fire Protection District No. 6 of Jefferson Parish. This is done because the funding source of these subsidies is parish ad valorem taxes, and the property must stay in the "public domain". The fire trucks and equipment are utilized by the fire department, but they are insured by and titled in the name of the Parish of Jefferson. These trucks and equipment are reported for in the financial statements of the Parish of Jefferson.

Vacation and Sick Leave:

Each full-time operator earns vacation leave as follows:

<u>Years Completed</u>	<u>Days</u>
1 - 9 years	18 days
Over 9 years	19 - 30 days

Employees earn one day of additional vacation leave for each year over nine years of service up to a maximum of 30 days after 20 years.

Each administrative employee earns vacation leave as follows:

<u>Years Completed</u>	<u>Weeks</u>
1 year	1 week
2 - 6 years	2 weeks
7 - 12 years	3 weeks
13 - 15 years	4 weeks
Over 15 years	5 weeks

HARVEY VOLUNTEER FIRE COMPANY NO. 2
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Vacation and Sick Leave: (Continued)

Vacation leave cannot be carried forward to the next year. All must be used within the current calendar year.

All full-time, non-operations personnel are granted 15 sick days per calendar year. Sick leave for operators is governed by LRS 33:1995, which states operators shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of not less than 52 weeks. There is no accrual of sick leave and no buyback program.

New Accounting Pronouncements:

As of January 1, 2019, the Company adopted FASB Accounting Standards Update (ASU) 2014-09; *Revenue from Contracts with customers* (“ASC 606”) which creates a single framework for recognizing revenue from contracts with customers that fall within its scope (see Note 2).

The Company also adopted FASB ASU 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions (see Note 2).

The Company has analyzed the provisions of FASB ASC Topic 606 and FASB ASU 2018-08 and has concluded that no changes are necessary to conform with the new standards. The adoption of ASC 606 and ASU 2018-08 did not result in a change in the prior year presentation; therefore, no cumulative effect adjustment was recorded.

2. CASH:

At December 31, 2020 and 2019, the Fire Company maintained cash balances and savings accounts in several local banks. The bank and book balances as of December 31, 2020 and 2019 were as follows:

	2020		2019	
	<u>Book Balances</u>	<u>Bank Balances</u>	<u>Book Balances</u>	<u>Bank Balances</u>
Petty cash	\$ 83	N/A	\$ 100	N/A
Checking accounts - Fidelity Homestead				
General operating fund	352,129	\$ 357,910	117,778	\$ 134,976
Payroll fund	581,192	581,481	341,878	342,113
Private fund	9,670	9,737	9,247	9,247
Insurance disbursement fund	36,266	36,266	31,743	55,031
Savings accounts - Fidelity Homestead				
Hospitalization fund	144,155	144,152	36,614	36,614
Savings fund	976,030	976,031	964,557	964,557
Total cash	<u>\$2,099,525</u>	<u>\$2,105,577</u>	<u>\$1,501,917</u>	<u>\$1,542,538</u>

HARVEY VOLUNTEER FIRE COMPANY NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

3. INVESTMENTS:

The Company had the following certificates of deposit as of December 31, 2020 and 2019:

	<u>Maturity</u>	<u>Interest Rate</u> <u>2020</u>	<u>2020</u>	<u>Maturity</u>	<u>Interest Rate</u> <u>2019</u>	<u>2019</u>
Certificate of deposit	07/18/21	0.200%	\$ 17,403	07/18/20	1.686%	\$ 17,212
Certificate of deposit	08/15/21	0.499%	9,649	08/15/20	0.499%	9,601
Certificate of deposit	07/13/21	0.200%	34,197	07/13/20	1.686%	33,828
Certificate of deposit	05/21/21	0.250%	24,120	05/21/20	1.686%	23,908
Certificate of deposit	08/07/21	0.450%	<u>10,338</u>	08/07/20	1.040%	<u>10,270</u>
Total current			95,707			94,819
Total non-current	03/05/22	1.390%	<u>31,308</u>	03/05/22	1.390%	<u>30,876</u>
Total			<u>\$127,015</u>			<u>\$ 125,695</u>

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Company manages its liquidity by operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. As of December 31, 2020, financial assets available for expenses within one year of the statement of financial position date consisted of cash and in the amount of \$2,099,525 and investments in the amount of \$95,907. As of December 31, 2019, financial assets available for expenses within one year of the statement of financial position date consisted of cash and in the amount of \$1,501,917 and investments in the amount of \$94,819.

5. PROPERTY AND EQUIPMENT:

Below is a summary of activity in the Company's property and equipment accounts during the year ended December 31, 2020:

	<u>Balance</u> <u>1/1/20</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/20</u>
Land and land improvements	\$ 73,787	\$ -	\$ -	\$ 73,787
Furniture and fixtures	113,635	-	-	113,635
Automobiles and trucks	1,268,354	-	-	1,268,354
Equipment	2,025,986	-	(210,157)	1,815,829
Building improvements	<u>1,410,502</u>	<u>-</u>	<u>-</u>	<u>1,410,502</u>
	4,892,264	-	(210,157)	4,682,107
Accumulated depreciation	<u>(3,042,284)</u>	<u>(175,790)</u>	<u>210,157</u>	<u>(3,007,917)</u>
Net property and equipment	<u>\$1,849,980</u>	<u>\$ (175,790)</u>	<u>\$ -</u>	<u>\$ 1,674,190</u>

HARVEY VOLUNTEER FIRE COMPANY NO. 2
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

5. PROPERTY AND EQUIPMENT: (Continued)

Below is a summary of activity in the Company's property and equipment accounts during the year ended December 31, 2019:

	Balance 1/1/19	<u>Additions</u>	<u>Disposals</u>	Balance 12/31/19
Land and land improvements	\$ 73,787	\$ -	\$ -	73,787
Furniture and fixtures	121,589	-	(7,954)	113,635
Automobiles and trucks	1,299,884	-	(31,530)	1,268,354
Equipment	2,029,354	-	(3,368)	2,025,986
Building improvements	1,410,502	-	-	1,410,502
	<u>4,935,116</u>	<u>-</u>	<u>(42,852)</u>	<u>4,892,264</u>
Accumulated depreciation	<u>(2,894,532)</u>	<u>(190,604)</u>	<u>42,852</u>	<u>(3,042,284)</u>
Net property and equipment	<u>\$2,040,584</u>	<u>\$ (190,604)</u>	<u>\$ -</u>	<u>\$ 1,849,980</u>

6. SELF-INSURANCE:

The Company has a self-insurance hospitalization plan. The self-insurance program involves co-insurance with an independent insurance company. The Company is responsible for 100% of the first \$30,000 of claims per individual up to an aggregate amount. Any claim in excess of \$30,000 or the aggregate is covered by the insurance company. Amounts charged to the Company and included in expenses for this plan were \$346,062 and \$400,624 in years 2020 and 2019, respectively. The estimated claims payable for incurred, but not reported claims, at December 31, 2020 and 2019, was \$84,431 and \$21,433, respectively. These amounts are reflected as current liabilities on the statements of financial position.

During 2020 and 2019, the Company did not pay claims in excess of its self-insurance liability.

7. INCOME TAXES:

The Company is exempt from federal and state income taxes under the Internal Revenue Code 501(c)(3). Therefore, no provision for income taxes has been included in the financial statements.

Accounting standards provide detailed guidance for the financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Under FASB ASC 740-10, an entity is required to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Management has evaluated the significant tax positions against the criteria established by these accounting standards and believes there are no such tax positions requiring accounting recognition. The Company is no longer subject to income tax examinations by taxing authorities for years prior to 2017.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

8. DEFINED CONTRIBUTION PLAN:

The Company has a defined contribution plan in accordance with Internal Revenue Code Section 401(k). The plan allows full-time employees to defer a portion of their compensation. Voluntary pre-tax contributions for 2020 and 2019 were \$99,758 and \$95,353, respectively. Voluntary Roth 401(k) contributions for 2020 and 2019 were \$95,829 and \$64,669, respectively.

The Company will match voluntary employee contributions to the plan up to 5% of annual salaries. The amount of the employer matching contributions to the plan was \$91,914 in 2020 and \$82,157 in 2019.

9. EXPENSES PAID BY OTHERS:

The full-time firefighters of the Company receive supplemental pay from the State of Louisiana under the provisions of L.R.S. 33:2002. The amount of pay received does not vary based upon years of service, and is based upon state law. As these supplemental state funds are paid directly to the firefighters, and do not pass through the Company, they are not included in these financial statements.

10. OPERATING LEASE:

The Company leased land to Radiofone, Inc. for a period of 20 years. In August 2016, the original lease expired. The lease was continuing on a monthly basis, based upon the payment terms of the original lease agreement. In July 2019, Jefferson Parish took over the lease and renegotiated the contract. The new arrangement pays more money to the Company; however, the money is received by Jefferson Parish, and the parish puts a portion in the Company's general account held by Jefferson Parish.

Total rental income received during 2020 and 2019 was \$0 and \$2,013.

11. CONCENTRATIONS OF CREDIT RISK:

For the years ended December 31, 2020 and 2019, cash balances were maintained in financial institutions located in the New Orleans area. The balances in the cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2020 and 2019, the Company's bank balances were entirely covered by FDIC insurance or pledged securities held by Fidelity in the name of Harvey Volunteer Fire Company No. 2.

12. UNCERTAINTIES:

A novel strain of Coronavirus was reported in New Orleans in March 2020, and continues to spread throughout the United States. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimate at this time.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

13. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through June 22, 2021, which is the date on which the financial statements were available to be issued, and determined no events occurred that would have significantly affected these financial statements, other than those previously disclosed.

SUPPLEMENTARY INFORMATION

HARVEY VOLUNTEER FIRE CO., NO. 2
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
 TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2020

Agency head name: Scott Berthelot, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	-
	\$ -



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

June 22, 2021

To the Board of Directors
Harvey Volunteer Fire Company No. 2

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Harvey Volunteer Fire Company No. 2 (a Louisiana non-profit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated June 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harvey Volunteer Fire Company No. 2's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Harvey Volunteer Fire Company No. 2's internal control. Accordingly, we do not express an opinion on the effectiveness of Harvey Volunteer Fire Company No. 2's internal control.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harvey Volunteer Fire Company No. 2's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana

HARVEY VOLUNTEER FIRE COMPANY NO. 2
SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Harvey Volunteer Fire Company No. 2 for the year ended December 31, 2020 was unmodified.

2. Internal Control
 Significant deficiencies: none noted
 Material weaknesses: none noted

3. Compliance and Other Matters
 Noncompliance material to financial statements: none noted

FINDINGS REQUIRED TO BE REPORTED UNDER *GOVERNMENT AUDITING*
STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

None noted

HARVEY VOLUNTEER FIRE COMPANY NO. 2
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

SUMMARY OF PRIOR YEAR FINDINGS:

None noted