

PRINCETON FIRST AID AND RESCUE SQUAD

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

August 6, 2025

Board of Trustees
Princeton First Aid and Rescue Squad
Princeton, New Jersey

Opinion

We have audited the accompanying financial statements of Princeton First Aid and Rescue Squad (a not-for-profit organization) (the "Squad") which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Squad as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Squad and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Squad's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

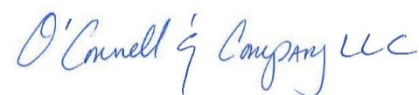
Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Squad's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Squad's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in blue ink that reads "O'Connell & Company LLC". The signature is written in a cursive, flowing style.

O'Connell and Company, LLC

PRINCETON FIRST AID AND RESCUE SQUAD

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 196,218	\$ 550,421
Investments	5,111,380	4,788,582
Accounts receivable, net of provision for uncollectible accounts of \$183,396 and \$93,992 for the years ended December 31, 2024 and 2023, respectively	109,352	81,957
Pledges receivable, net	279,424	485,774
Other assets	70,877	60,571
Fixed assets	<u>8,323,070</u>	<u>8,648,570</u>
TOTAL ASSETS	<u>\$ 14,090,321</u>	<u>\$ 14,615,875</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 127,055	\$ 130,054
Finance lease payable	<u>631,089</u>	<u>710,351</u>
Total Liabilities	<u>758,144</u>	<u>840,405</u>
Net Assets		
Without donor restrictions		
Unrestricted	8,113,298	8,051,399
Designated endowment	1,213,537	1,137,689
Designated other	<u>2,049,450</u>	<u>2,398,201</u>
	11,376,285	11,587,289
With donor restrictions		
Endowment	1,670,352	1,595,100
Purpose restrictions	<u>285,540</u>	<u>593,081</u>
	1,955,892	2,188,181
Total Net Assets	<u>13,332,177</u>	<u>13,775,470</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,090,321</u>	<u>\$ 14,615,875</u>

The accompanying notes are an integral part of these financial statements.

PRINCETON FIRST AID AND RESCUE SQUAD

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE & SUPPORT						
Service revenue	\$ 1,870,137	\$ -	\$ 1,870,137	\$ 1,695,989	\$ -	\$ 1,695,989
Less: contractual allowances	(663,856)	-	(663,856)	(657,877)	-	(657,877)
Net billing revenue	1,206,281	-	1,206,281	1,038,112	-	1,038,112
Gifts and grants	240,521	9,459	249,980	230,337	636,181	866,518
Fund Drive	306,109	-	306,109	286,720	-	286,720
Investment income	287,296	144,213	431,509	345,193	135,121	480,314
Other income	5,395	-	5,395	8,715	-	8,715
Fund raising	16,352	-	16,352	21,674	-	21,674
Endowment transfer	72,961	(72,961)	-	70,691	(70,691)	-
Satisfaction of time restriction	313,000	(313,000)	-	154,000	(154,000)	-
TOTAL REVENUE & SUPPORT	2,447,915	(232,289)	2,215,626	2,155,442	546,611	2,702,053
EXPENSES						
Program services	2,181,381	-	2,181,381	1,817,311	-	1,817,311
Management and general	318,081	-	318,081	373,414	-	373,414
Fund raising	159,457	-	159,457	149,210	-	149,210
TOTAL EXPENSES	2,658,919	-	2,658,919	2,339,935	-	2,339,935
(DECREASE) INCREASE IN NET ASSETS	(211,004)	(232,289)	(443,293)	(184,493)	546,611	362,118
NET ASSETS - Beginning of year	11,587,289	2,188,181	13,775,470	11,771,782	1,641,570	13,413,352
NET ASSETS - End of year	\$ 11,376,285	\$ 1,955,892	\$ 13,332,177	\$ 11,587,289	\$ 2,188,181	\$ 13,775,470

The accompanying notes are an integral part of these financial statements.

PRINCETON FIRST AID AND RESCUE SQUAD

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024				2023			
	Program Services	Management & General	Fund Raising	Total	Program Services	Management & General	Fund Raising	Total
Salaries and Benefits								
Salaries and wages	\$ 993,660	\$ 108,687	\$ 95,500	\$ 1,197,847	\$ 677,421	\$ 124,531	\$ 92,292	\$ 894,244
Payroll taxes	86,247	9,434	8,289	103,970	55,078	12,502	7,507	75,087
Employee benefits	147,435	16,127	14,170	177,732	163,164	9,180	22,229	194,573
Total Salaries and Benefits	1,227,342	134,248	117,959	1,479,549	895,663	146,213	122,028	1,163,904
Bad debts	-	81,209	-	81,209	-	121,958	-	121,958
Billing	-	39,001	-	39,001	-	43,093	-	43,093
Building maintenance and repairs	71,097	-	-	71,097	63,151	-	-	63,151
Campaign costs	-	-	12,404	12,404	-	-	11,286	11,286
Consumable equipment	15,952	-	-	15,952	17,162	-	-	17,162
Depreciation	495,102	-	-	495,102	500,492	-	-	500,492
Durable equipment	18,654	-	-	18,654	9,328	-	-	9,328
Fees and dues	7,210	-	-	7,210	4,751	-	-	4,751
Fuel	22,318	-	-	22,318	18,344	-	-	18,344
Fundraising	-	-	29,094	29,094	-	-	15,896	15,896
Installation banquet	5,145	-	-	5,145	6,027	-	-	6,027
Insurance	93,365	-	-	93,365	78,873	-	-	78,873
Interest	-	22,873	-	22,873	-	25,649	-	25,649
Meetings and conferences	220	-	-	220	2,177	-	-	2,177
Member goodwill and welfare	26,290	-	-	26,290	15,951	-	-	15,951
Miscellaneous	-	2,676	-	2,676	-	3,529	-	3,529
Office supplies and expenses	53,535	-	-	53,535	45,213	-	-	45,213
Professional fees	3,920	38,074	-	41,994	6,160	32,972	-	39,132
Training and drills	35,725	-	-	35,725	48,778	-	-	48,778
Uniforms	13,044	-	-	13,044	11,079	-	-	11,079
Utilities	55,232	-	-	55,232	49,284	-	-	49,284
Vehicle maintenance and repairs	37,230	-	-	37,230	44,878	-	-	44,878
TOTAL FUNCTIONAL EXPENSES	<u>\$ 2,181,381</u>	<u>\$ 318,081</u>	<u>\$ 159,457</u>	<u>\$ 2,658,919</u>	<u>\$ 1,817,311</u>	<u>\$ 373,414</u>	<u>\$ 149,210</u>	<u>\$ 2,339,935</u>

The accompanying notes are an integral part of these financial statements.

PRINCETON FIRST AID AND RESCUE SQUAD

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (443,293)	\$ 362,118
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	495,102	500,492
Less endowment contributions	(4,000)	(129,100)
Change in allowance for doubtful accounts	89,404	(149,460)
Gain on beneficial interest in Community Foundation	(272,099)	(254,945)
Gain on investments	(105,328)	(172,417)
Changes in operating assets and liabilities		
Decrease (Increase)		
Accounts receivable	(116,799)	200,131
Pledges receivable	206,350	(221,138)
Other assets	(10,306)	(17,006)
(Decrease) Increase		
Accounts payable and accrued expenses	(2,999)	(2,604)
NET CASH FLOWS (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(163,968)</u>	<u>116,071</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(245,662)	(84,262)
Proceeds from sale of investments	300,291	473,443
Purchase of fixed assets	(169,602)	(228,742)
NET CASH FLOWS (USED) PROVIDED BY INVESTING ACTIVITIES	<u>(114,973)</u>	<u>160,439</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of endowment contributions	4,000	129,100
Repayment - finance lease	(79,262)	(76,790)
Repayment - note payable	-	(22,901)
NET CASH FLOWS (USED) PROVIDED BY FINANCING ACTIVITIES	<u>(75,262)</u>	<u>29,409</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(354,203)	305,919
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>550,421</u>	<u>244,502</u>
CASH AND CASH EQUIVALENTS - End of Year	<u><u>\$ 196,218</u></u>	<u><u>\$ 550,421</u></u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u><u>\$ 22,873</u></u>	<u><u>\$ 29,467</u></u>

The accompanying notes are an integral part of these financial statements.

PRINCETON FIRST AID AND RESCUE SQUAD

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Princeton First Aid and Rescue Squad (the "Squad") is a not-for-profit organization. The purpose of the Squad is to save life, relieve the suffering of the sick and injured, and promote safety in and around Princeton, New Jersey. The Squad qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code; accordingly, there is no income tax applicable to its activities.

1 Summary of Significant Accounting Policies

The significant accounting policies followed by the Squad are described below to enhance the usefulness of the financial statements to the reader.

Accrual Basis -- The financial statements of the Squad have been prepared on the accrual basis of accounting.

Revenue and Revenue Recognition -- The Squad recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Cash and Cash Equivalents -- For the statement of cash flows, cash includes cash on deposit, cash on hand and certificates of deposits with a maturity of three months or less to be cash equivalents. The Squad does not include cash used to repurchase investments held as part of investment portfolios as cash and cash equivalents.

Accounts Receivable -- The Squad reports its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Squad evaluates the receivables and establishes an allowance for doubtful accounts, when deemed necessary, based on its history of past write-offs and collections and current credit conditions.

Investments -- Investments are reported at fair value.

Fixed Assets -- Property, plant, and equipment are stated at cost. The Squad's policy is to capitalize equipment and improvements with a unit cost of \$2,500 or more. Depreciation is calculated by the straight-line method over the estimated useful lives of depreciable assets.

Building improvements	15 - 40 years
Furniture and equipment	5 - 20 years

PRINCETON FIRST AID AND RESCUE SQUAD

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

1 Summary of Significant Accounting Policies (Continued)

Net Assets -- Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for vehicles, endowment, capital and operating reserve.

Net Assets With Donor Restrictions - Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period when the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses -- The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributed Services -- The Squad receives substantial services donated by its members in carrying out its activities. No amounts have been reflected in the financial statements for those services, since they do not meet the criteria outlined in current accounting standards.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles 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.

PRINCETON FIRST AID AND RESCUE SQUAD

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

1 Summary of Significant Accounting Policies (Continued)

Fair Value Measurements -- Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term as the financial instrument. Alternative investments' fair value are based on their net asset value per unit as reported by their managers.

Level 3 - Inputs to the valuation methodology are unobservable.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Assets and liabilities that are measured at fair value are based on one or more of the three valuation techniques that follow:

Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Cost approach - Amount that would be required to replace the service capacity of an asset (i.e., replacement cost).

Income approach - Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques and option-pricing models).

Income Taxes -- The Squad is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Squad has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations; and to identify and evaluate other matters that may be considered tax positions. The Squad has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

PRINCETON FIRST AID AND RESCUE SQUAD

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

2 Liquidity

The table below represents financial assets available for general expenditures within one year at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 196,218	\$ 550,421
Investments	5,111,380	4,788,582
Accounts receivable	109,352	81,957
Pledges receivable	<u>279,424</u>	<u>485,774</u>
Total financial assets	5,696,374	5,906,734
Less amounts not available to be used within one year:		
Board designated with liquidity horizons greater than one year	2,049,450	2,398,201
Board designated endowment	1,213,537	1,137,689
Restricted with time	140,000	210,000
Donor restricted for endowment	<u>1,670,352</u>	<u>1,595,100</u>
Financial assets not available to be used within one year	<u>5,073,339</u>	<u>5,340,990</u>
Financial assets available to meet general expenditures within one year	<u>\$ 623,035</u>	<u>\$ 565,744</u>

The Squad has donor-restricted and board-designated assets that are not available for general expenditure within one year in the normal course of operations. These assets limited to use, which are more fully described in Notes 10, 11 and 12, are not available for general expenditure within the next year. However, the board-designated amounts could be made available, if necessary.

As part of the Squad's liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market funds.

3 Concentration of Risk

The Squad maintains its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. The Squad has not experienced any losses in such accounts. Management believes the Squad is not exposed to any significant credit risk related to cash and cash equivalents.

PRINCETON FIRST AID AND RESCUE SQUAD

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

4 Investments

The following tables set forth by level, within the fair value hierarchy, the Squad's investments as of December 31, 2024 and 2023:

Assets at Fair Values as of December 31, 2024				
	Level 1	Level 2	Level 3	Total
Beneficial interest in				
Community Foundation	\$ -	\$ -	\$ 2,783,789	\$ 2,783,789
Equities	1,156,512	-	-	1,156,512
Fixed income securities	680,664	-	-	680,664
Cash and cash equivalents	490,415	-	-	490,415
	<u>\$ 2,327,591</u>	<u>\$ -</u>	<u>\$ 2,783,789</u>	<u>\$ 5,111,380</u>

Assets at Fair Values as of December 31, 2023				
	Level 1	Level 2	Level 3	Total
Beneficial interest in				
Community Foundation	\$ -	\$ -	\$ 2,607,690	\$ 2,607,690
Equities	1,039,350	-	-	1,039,350
Fixed income securities	692,152	-	-	692,152
Cash and cash equivalents	449,390	-	-	449,390
	<u>\$ 2,180,892</u>	<u>\$ -</u>	<u>\$ 2,607,690</u>	<u>\$ 4,788,582</u>

The table below sets forth a summary of changes in the fair value of the Squad's Level 3 assets for the years ended December 31, 2024 and 2023:

	2024	2023
Balance - beginning of year	\$ 2,598,690	\$ 2,467,745
Transfers in	4,000	1,000
Transfers out	(125,000)	(125,000)
Gain on investment	272,099	254,945
Balance - end of year	<u>\$ 2,749,789</u>	<u>\$ 2,598,690</u>

Investment income for the years ended December 31, 2024 and 2023 consists of the following:

	2024	2023
Gain on beneficial interest in		
Community Foundation	\$ 272,099	\$ 254,945
Gain on investments	105,328	155,978
Interest and dividends	81,336	96,678
Investment manager fees	(27,254)	(27,287)
	<u>\$ 431,509</u>	<u>\$ 480,314</u>

PRINCETON FIRST AID AND RESCUE SQUAD

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

5 Investment in Community Foundation

On December 20, 2014, the Squad transferred investment assets to the Princeton Area Community Foundation. The purpose is to allow the Squad to take advantage of the Community Foundation's investment management and free the Squad from related administrative work. Funds transferred and the related return on investment can be withdrawn from the Community Foundation up to 100%. The Community Foundation has variance power of the fund, providing the Foundation's Trustees the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes in the sole judgement of the Board. The balance of the Beneficial Interest in Community Foundation as of December 31, 2024 and 2023 was \$2,783,789 and \$2,607,690, respectively.

6 Pledges Receivable

The Squad has pledges receivable as of December 31, 2024 and 2023 amounting to \$279,424 and \$485,774, respectively. Pledges are recorded at their net present value using a discount rate of 2% and 4% for the years ended December 31, 2024 and 2023, respectively. Management expects pledges to be collected as follows:

2025	\$ 152,384
2026	77,500
2027	<u>70,000</u>
	299,884
Less: provision for uncollectible pledges	(15,000)
Less: present value discount	<u>(5,460)</u>
	<u>\$ 279,424</u>

7 Fixed Assets

Fixed assets consist of the following:

	<u>2024</u>	<u>2023</u>
Land and building	\$ 8,412,791	\$ 8,412,791
Furniture and equipment	<u>3,701,224</u>	<u>3,531,622</u>
	12,114,015	11,944,413
Less: accumulated depreciation	<u>(3,790,945)</u>	<u>(3,295,843)</u>
	<u>\$ 8,323,070</u>	<u>\$ 8,648,570</u>

Depreciation expense was \$495,102 and \$500,492 for the years ended December 31, 2024 and 2023, respectively.

PRINCETON FIRST AID AND RESCUE SQUAD

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

8 Lease Commitments

The Squad is the lessee of a vehicle under a finance lease. The Squad determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified, and recognized at lease commencement. The Squad categorizes leases with contractual terms longer than twelve months as either operating or finance leases. The Squad's leases generally have terms that range from one to ten years. Finance lease right of use assets are included in fixed assets on the statement of financial position. Finance lease liabilities are separately presented on the statement of financial position. Lease assets represent the Squad's right to use an underlying asset for the lease term and lease liabilities represent the Squad's obligation to make lease payments arising from the lease.

Finance lease right of use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, using the collateralized incremental borrowing rate at the commencement date in determining the present value of future payments.

The following schedule presents the maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the finance lease liability as of December 31, 2024:

2025	\$ 102,135
2026	102,135
2027	102,135
2028	102,135
2029	102,135
Thereafter	<u>204,272</u>
Total lease payments	714,947
Less imputed interest	<u>(83,858)</u>
Present value of lease liabilities	<u>\$ 631,089</u>

Weighted average remaining lease term and discount rate for finance leases were as follows:

Weighted Average Remaining Lease Term	7.00 years
Weighted Average Discount Rate	3.22%

PRINCETON FIRST AID AND RESCUE SQUAD

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

9 Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Time restricted gifts	\$ 285,540	\$ 593,081
Endowment	<u>1,670,352</u>	<u>1,595,100</u>
 Total Net Assets with Donor Restrictions	 <u>\$ 1,955,892</u>	 <u>\$ 2,188,181</u>

Net assets were reduced from donor restriction by incurring expenses satisfying the restricted purpose or occurrences of other events specified by donors as follows:

	<u>2024</u>	<u>2023</u>
Time restriction	<u>\$ 313,000</u>	<u>\$ 154,000</u>

10 Endowment

The Squad's endowment consists of a donor restricted and a board designated fund established primarily to supplement yearly operating budget needs. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor imposed restrictions or relevant law. The Board of Trustees has elected to follow the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as required by New Jersey law.

The Squad has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield result of the S&P 500 Index while assuming a moderate level of investment risk. The Squad expects its endowment funds, over time, to provide an average rate of return of between 6% and 8%. Actual returns in any given year may vary from this amount. The Squad targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long term objectives within prudent risk constraints.

Annually, the Squad's Board of Trustees may elect an endowment draw of up to 5% of the invested endowment balance. The Board has elected 5% spending allowance during each of the years ended December 31, 2024 and 2023.

PRINCETON FIRST AID AND RESCUE SQUAD

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

10 Endowment (Continued)

The financial activity of the endowment funds for the years ended December 31, 2024 and 2023 is set forth below:

	December 31, 2024		
	Board Designated	Donor Restricted	Total
Endowment net assets, beginning of year	\$ 1,137,689	\$ 1,595,100	\$ 2,732,789
Investment income	127,887	144,213	272,100
Additions	-	4,000	4,000
Spending allowance	(52,039)	(72,961)	(125,000)
Endowment net assets, end of year	<u>\$ 1,213,537</u>	<u>\$ 1,670,352</u>	<u>\$ 2,883,889</u>
	December 31, 2023		
	Board Designated	Donor Restricted	Total
Endowment net assets, beginning of year	\$ 1,072,174	\$ 1,401,570	\$ 2,473,744
Investment income	119,824	135,121	254,945
Additions	-	129,100	129,100
Spending allowance	(54,309)	(70,691)	(125,000)
Endowment net assets, end of year	<u>\$ 1,137,689</u>	<u>\$ 1,595,100</u>	<u>\$ 2,732,789</u>

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Squad relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Squad's current assets allocation for both donor restricted and board designated endowment funds is structured to achieve the appropriate level of investment return.

Return Objectives and Risk Parameters

The Squad has adopted investment and spending policies for endowment assets that attempt to provide a relatively predictable and growing stream of annual distributions in support of the Squad while preserving the long-term, real purchasing power of assets.

PRINCETON FIRST AID AND RESCUE SQUAD

NOTES TO FINANCIAL STATEMENTS

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11 Designated Net Assets

Net assets have been designated for the following purposes as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating reserve	\$ 400,000	\$ 400,000
Vehicles	1,424,450	1,773,201
Capital	<u>225,000</u>	<u>225,000</u>
	<u>\$ 2,049,450</u>	<u>\$ 2,398,201</u>
 Endowment	 <u>\$ 1,213,537</u>	 <u>\$ 1,137,689</u>

12 Pension Plan

The Squad has a defined-contribution pension plan that covers all eligible paid day crew employees with at least one thousand hours of service annually. The Squad contributes 7% of salaries for eligible day crew employees. For the years ended December 31, 2024 and 2023, total pension expense under this plan was approximately \$41,135 and \$57,212, respectively.

13 Compensated Absences

Employees of the Squad are entitled to paid vacations, sick days and other time off depending on length of services and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Squad's policy is to recognize the costs of compensated absences when paid to employees.

14 Commitment

The Squad entered into a contract for construction to be performed in relation to the Ambulance Project on April 27, 2023. The project is expected to be completed during the year ended December 31, 2025. The estimated contract cost is \$349,154, and as of December 31, 2024, a \$34,000 deposit had been paid.

15 Subsequent Event

The Squad has evaluated all subsequent events through August 6, 2025, the date the financial statements were available to be issued.