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October 18, 2011

Board of Directors
Gregg Township Volunteer
Fire Department, Inc.
6249 N. Baltimore Rd.
Monrovia, IN 46157

We have reviewed the audit report prepared by K.B. Parrish & Co., LLP, Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Gregg Township Volunteer Fire Department, Inc., as of December 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANTS ON FINANCIAL STATEMENTS
**GREGG TOWNSHIP VOLUNTEER
FIRE DEPARTMENT, INC.**
(AN INDIANA NOT-FOR-PROFIT CORPORATION)
MONROVIA, INDIANA
DECEMBER 31, 2007

GREGG TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

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**KB Parrish
Co. LLP**

CERTIFIED PUBLIC ACCOUNTANTS

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Report of Independent Certified Public Accountants

To the Board of Directors
Gregg Township Volunteer Fire Department, Inc.
(An Indiana Not-For-Profit Corporation)
Monrovia, Indiana

We have audited the accompanying statement of assets, liabilities, and net assets - modified cash basis of Gregg Township Volunteer Fire Department, Inc. (an Indiana not-for-profit corporation) as of December 31, 2007, and the related statements of revenues and expenses - modified cash basis and changes in net assets - modified cash basis for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note B, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Gregg Township Volunteer Fire Department, Inc. (an Indiana not-for-profit corporation) as of December 31, 2007, and its revenues and expenses and changes in net assets for the year then ended on the basis of accounting described in Note B.

Respectfully submitted,

K.B. Parrish & Co. LLP

K. B. Parrish & Co. LLP
Certified Public Accountants

Indianapolis, Indiana
May 6, 2010

GREGG TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
December 31, 2007

ASSETS

ASSETS	
Cash - operations	\$ 55,584
Other assets	987
Land	83,745
Vehicles	848,190
Firefighting equipment	<u>125,264</u>
Total property and equipment	1,057,199
Accumulated depreciation	<u>(549,569)</u>
Net fixed assets	<u>507,630</u>
TOTAL ASSETS	<u>\$ 564,201</u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Obligations under capital lease	<u>\$ 216,473</u>
Total liabilities	216,473
NET ASSETS	
Unrestricted net assets	<u>347,728</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 564,201</u>

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

GREGG TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

STATEMENT OF REVENUES AND EXPENSES - MODIFIED CASH BASIS
For the Year Ended December 31, 2007

REVENUES

Fire protection services	\$ 208,431
Ambulance services	58,002
Grants	83,075
Public support	3,562
Fundraising revenue	7,001
Interest income	355
Other revenue	<u>2,412</u>
Total revenues	362,838

EXPENSES

Fundraising costs	5,403
Salaries and wages	103,933
Payroll taxes	8,769
Depreciation	64,810
Insurance	36,710
Maintenance	15,135
Vehicle expense	10,552
Utilities	8,204
Supplies	635
Continuing education	422
Interest expense	13,207
Miscellaneous	3,118
Professional fees	<u>5,126</u>
Total operating expenses	<u>276,024</u>

INCREASE IN NET ASSETS \$ 86,814

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

GREGG TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

STATEMENT OF CHANGES IN NET ASSETS - MODIFIED CASH BASIS
For the Year Ended December 31, 2007

	<u>Unrestricted Net Assets</u>
Net assets, December 31, 2006, as previously reported	\$ (16,935)
Prior period adjustment	<u>277,849</u>
Net assets, December 31, 2006, restated	260,914
Increase in net assets for 2007	<u>86,814</u>
Net assets, December 31, 2007	<u>\$ 347,728</u>

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

GREGG TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2007

NOTE A - NATURE OF ORGANIZATION AND OPERATIONS

Gregg Township Volunteer Fire Department, Inc. (the "Corporation") is a nonprofit Indiana Corporation, organized in 1954 without capital stock for the purpose of providing fire and ambulance services to the town of Monrovia, Indiana, and its surrounding communities. Substantially all financial support is provided by township grants and private insurance reimbursements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The accompanying financial statements have been prepared using the modified cash basis of accounting. Consequently, support and revenue are recognized when received rather than when earned and expenses are recognized when paid rather than when incurred. The modification to the cash basis of accounting is to recognize equipment when purchased rather than when paid for and to depreciate these over the estimated useful lives.

Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives as follows:

Vehicles	15 years
Equipment	5 - 7 years

The cost of maintenance and repairs is charged to operations as incurred. Significant renewals and betterments are capitalized.

Contributed Services

A significant number of volunteers provide services to or on behalf of the Corporation. No amounts have been reflected in the financial statements for these contributed services.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas involving the use of estimates and assumptions include the depreciation of property and equipment.

GREGG TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2007

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Support and Revenue

The Corporation reports gifts of cash and other assets as restricted support, if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grants and other restricted support are recorded as unrestricted support if the restrictions are satisfied in the year the grants or other funds are received. Restrictions are normally satisfied through expenditure of funds for the restricted purpose.

The Corporation had no restricted net assets at December 31, 2007.

Concentration of Credit Risk

Financial instruments that are exposed to concentrations of credit risk consist of cash and certificates of deposit. At times, cash balances may exceed federally insured limits

Federal and State Income Tax

The Corporation is exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code and state income tax laws and regulations. Accordingly, no provision for federal and state taxes on revenue and income has been recognized in the accompanying financial statements.

NOTE C - LEASING ARRANGEMENTS

The Corporation currently has leasing commitments for two of its vehicles under capital lease arrangements. The vehicles are included in property and equipment and are depreciated along with the Corporation's other vehicles. Leasing arrangements are as follows:

Lease payable to Old National Bank, annual installments of \$29,658 on October 1 including interest at 5.037%, due October 1, 2012, secured by 2002 Spartan Rescue Truck.	\$ 127,854
Lease payable to National City Leasing, annual installments of \$20,649 on January 22 including interest at 5.195%, due January 22, 2012, secured by 2001 Pierce Tanker.	<u>88,619</u>
Capital lease obligation	<u>\$ 216,473</u>

GREGG TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2007

NOTE C - LEASING ARRANGEMENTS - Continued

Future minimum payments under capital leases	\$ 251,535
Less amounts that represent interest	<u>(35,062)</u>
Minimum capital lease obligation	<u>\$ 216,473</u>

Future minimum payments are:

2008	\$	50,307
2009		50,307
2010		50,307
2011		50,307
2012		<u>50,307</u>
		<u>\$ 251,535</u>

NOTE D - PRIOR PERIOD ADJUSTMENT

The Corporation has evaluated the economic lives of the assets and has changed the lives to conform to industry norms for fire equipment. Previously, the organization used a 5-year life for all items but has determined that a 15-year life for vehicles and a 7-year life for equipment better reflects actual use expectations.

The Corporation has corrected the prior-year balance of the capital lease obligation with National City Leasing. The prior auditor confirmed the balance with lessor; however, that confirmation erroneously cited an amount that was one year behind in payments. The Corporation has documented all payments in accordance with the lease terms necessitating a correction to the liability amount.

The financial statements have been restated as of December 31, 2006 as follows:

	As Previously Stated	Prior Period Adjustment	As Restated
Accumulated depreciation	\$ 745,883	\$ (261,124)	\$ 484,759
Capital lease obligation	270,298	(16,725)	253,573
Net assets - unrestricted	(16,935)	277,849	260,914

GREGG TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2007

NOTE E - GRANTS

The Corporation received \$83,075 from the U.S. Department of Homeland Security Grant Program. The funds were expended in the current year under the terms of the grant and have been included in unrestricted support.