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October 24, 2014

Board of Directors
Charlestown Township Volunteer Fire Department
P.O. Box 235
800 Park Street
Charlestown, IN 47111

We have reviewed the audit report prepared by J Rorrer & Co., P.C., for the period January 1, 2011 to December 31, 2011. 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 Charlestown Township Volunteer Fire Department, as of December 31, 2011, 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.

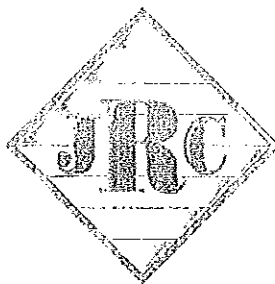
Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

Charlestown Volunteer Fire Department, Inc.
Audited Financial Statements
For the Years Ended
December 31, 2011 and 2010

Charlestown Volunteer Fire Department, Inc

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	i
BASIC FINANCIAL STATEMENT	
STATEMENT OF ASSETS LIABILITIES AND NET ASSETS MODIFIED CASH BASIS	1
STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN NET ASSETS MODIFIED CASH BASIS	2
STATEMENT OF CASH FLOWS MODIFIED CASH BASIS	3
NOTES TO FINANCIAL STATEMENTS	4-6



J RORRER & CO., P.C. • CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board
Charlestown Volunteer Fire Department, Inc.

We have audited the accompanying statement of assets liabilities and net assets –modified cash basis of the Charlestown Volunteer Fire Department, Inc. (a nonprofit corporation) as of December 31, 2011 and 2010 and the related statement of revenue and expenses and changes in net assets – modified cash basis, and statement of cash flows – modified cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. 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. Those standards require that we plan and perform the audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in note 1, this financial statement has been 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 Charlestown Volunteer Fire Department, Inc. as of December 31, 2011 and 2010 and its support, revenue, and expenses for the years then ended, on the basis of accounting described in note 1.

J Rorrer & Co. P.C.
J Rorrer & Co. P.C.
Certified Public Accountants
August 31, 2012

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Charlestown Volunteer Fire Department Inc.
Statement of Assets Liabilities and Net Assets
Modified Cash Basis
December 31, 2011 and 2010

ASSETS	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash and cash equivalents	\$273,994	\$271,266
Total Current Assets	<u>273,994</u>	<u>271,266</u>
Property and Equipment:		
Land	75,400	63,400
Buildings	786,391	781,152
Vehicles	480,542	436,843
Fire fighting equipment	751,108	740,378
Office	22,236	22,236
Furniture and fixtures	45,390	45,012
Computer system	16,999	31,331
Less Accum. Depreciation	<u>(939,992)</u>	<u>(848,665)</u>
Total Property and Equipment	<u>1,238,074</u>	<u>1,271,687</u>
Total Assets	<u>\$1,512,068</u>	<u>\$1,542,953</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Taxes payable	26	2,118
Current portion long-term debt	<u>49,267</u>	<u>45,324</u>
Total Current Liabilities	49,293	47,442
Long-Term Liabilities:		
Long term debt	409,790	439,382
Less current portion	<u>(49,267)</u>	<u>(45,324)</u>
Total Long-Term Liabilities:	<u>360,523</u>	<u>394,058</u>
Total Liabilities	409,816	441,500
Net Assets:		
Temporarily restricted	16,783	11,752
Unrestricted	<u>1,085,469</u>	<u>1,089,701</u>
Total Net Assets	1,102,252	1,101,453
Total Liabilities and Net Assets	<u>\$1,512,068</u>	<u>\$1,542,953</u>

See accompanying notes and independent auditors' report.

Charlestown Volunteer Fire Department Inc.
Statement of Revenue and Expenses and Changes in Net Assets
Modified Cash Basis
For the Years Ending December 31, 2011 and 2010

	Unrestricted	Temporarily Restricted	Audited 2011 Total	Unrestricted	Temporarily Restricted	Audited 2010 Total
Revenue:						
Contract income	\$382,916	0	\$382,916	\$377,870	0	\$377,870
Miscellaneous Income	14,664	0	14,664	22,878	0	22,878
Vending	1,527	0	1,527	2,199	0	2,199
Insurance claims	1,560	0	1,560	5,053	0	5,053
Lieu of taxes	6,248	0	6,248	5,796	0	5,796
Grant income	5,000	0	5,000	2,500	0	2,500
Crusade for children	54,408	0	54,408	47,262	0	47,262
Net assets restricted	(5,000)	5,000	0	(5,000)	5,000	0
Gain and loss on sale of assets	8,712	0	8,712	66,000	0	66,000
Interest income	63	31	94	14	22	36
Total Revenue	470,098	5,031	475,129	524,572	5,022	529,594
Expenses:						
Accounting	17,340	0	17,340	20,000	0	20,000
Bank charges	150	0	150	45	0	45
Building maintenance	16,138	0	16,138	13,033	0	13,033
Clothing allowance	57,853	0	57,853	58,219	0	58,219
Communication radio	808	0	808	47	0	47
Contribution crusade for children	55,428	0	55,428	44,858	0	44,858
Department dinner and meals	1,285	0	1,285	625	0	625
Depreciation	108,325	0	108,325	97,752	0	97,752
Dues and subscriptions	1,652	0	1,652	2,258	0	2,258
Fuel	24,064	0	24,064	21,734	0	21,734
Insurance	27,440	0	27,440	25,532	0	25,532
Interest on loans	24,284	0	24,284	25,493	0	25,493
Miscellaneous expense	3,189	0	3,189	1,376	0	1,376
Office expense	6,380	0	6,380	5,740	0	5,740
Outside service	2,750	0	2,750	2,431	0	2,431
Payroll expense	46,643	0	46,643	48,936	0	48,936
Personal turnout gear	2,068	0	2,068	5,213	0	5,213
Professional fees	5,300	0	5,300	5,340	0	5,340
Public relations	2,831	0	2,831	5,181	0	5,181
Small equipment and repairs	7,976	0	7,976	8,305	0	8,305
Station 1 expense	11,606	0	11,606	11,469	0	11,469
Station 2 expense	4,243	0	4,243	5,000	0	5,000
Station 3 expense	7,554	0	7,554	6,347	0	6,347
Station 4 expense	3,427	0	3,427	4,672	0	4,672
Supplies	5,828	0	5,828	6,299	0	6,299
Telephone	5,475	0	5,475	6,674	0	6,674
Training	100	0	100	1,825	0	1,825
Travel	0	0	0	0	0	0
Truck expense	20,704	0	20,704	52,142	3,565	55,707
Uniforms	1,943	0	1,943	1,429	0	1,429
Vending expense	1,546	0	1,546	2,098	0	2,098
Total Expenses	474,330	0	474,330	490,073	3,565	493,638
Changes in Net Assets	(4,232)	5,031	799	34,499	1,457	35,956
Net Assets, beginning of year	1,089,701	11,752	1,101,453	1,055,202	10,295	1,065,497
Net Assets, end of year	\$1,085,469	\$16,783	\$1,102,252	\$1,089,701	\$11,752	\$1,101,453

See accompanying notes and independent auditors' report.

Charlestown Volunteer Fire Department Inc.
Statement of Cash Flows
Modified Cash Basis
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating activities:		
Changes in net assets	\$799	\$35,956
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Gain on sale of assets	(8,712)	(66,000)
Increase (decrease) in accrued liabilities	(2,092)	1,929
Depreciation	<u>108,325</u>	<u>97,752</u>
Net cash provided by operating activities	<u>98,320</u>	<u>69,637</u>
Investing activities:		
Proceeds from sale of property and equipment	10,000	66,000
Purchase of property and equipment	<u>(76,000)</u>	<u>(97,424)</u>
Net cash used in investing activities	<u>(66,000)</u>	<u>(31,424)</u>
Financing activities:		
Proceeds from long term debt	16,559	34,421
Payments on long term debt	<u>(46,151)</u>	<u>(52,610)</u>
Net cash used in financing activities	<u>(29,592)</u>	<u>(18,189)</u>
Net increase (decrease) in cash and cash equivalents	2,728	20,024
Beginning Cash and Cash Equivalents	<u>271,266</u>	<u>251,242</u>
Ending Cash and Cash Equivalents	<u><u>\$273,994</u></u>	<u><u>\$271,266</u></u>
Supplemental disclosure:		
Interest paid	\$24,488	\$25,532
Taxes paid	\$0	\$0

See accompanying notes and independent auditors' report.

Charlestown Volunteer Fire Department, Inc.
Notes to the Financial Statements
December 31, 2011

Note 1-Nature of Activities and Significant Accounting Policies

Nature of Activities

Charlestown Volunteer Fire Department, Inc. (a non for profit Corporation) operates trained volunteers to fight fires, maintain fire fighting equipment, and otherwise provide fire protection and fire prevention services for Charlestown Township, a part of Oregon Township, and the City of Charlestown.

Basis of Presentation

The Organization maintains its accounts on the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis, support and revenue are recognized when collected rather than when earned, and expenses are recognized when paid rather than when incurred. Consequently, accounts receivable from supporting agencies, accounts payable to vendors and suppliers, accrued income and expenses are not included in these financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For financial statement purpose, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalent.

Revenue

The Organization has an annual contract with the Charlestown-Oregon Township Fire Protection District of Clark County, Indiana. They are scheduled to receive funds twice a year from the District.

Contributions

Contributions received are recorded on cash basis, they are recorded when received and no allowance for doubtful accounts is used. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted.

Income Taxes

The Organization is a not-for-profit corporation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Note 2-Cash

Temporary Restricted Cash

Equipment Depreciation fund is an interest bearing checking account held in reserve for emergency repairs or replacement of fire fighting equipment. The fire service contract requires the CVFD to deposit \$5,000 annually into this account. If the account falls below \$10,000 the Fire Department shall not make expenditures from the account without written approval of the District. Balance as of December 31, 2011 and 2010 is \$16,783 and \$11,752 respectively.

Unrestricted Cash

Consists of five accounts, one main operating account is used for receipts and disbursements. Separate accounts are used for remodeling and building construction, insurance proceeds, EMS receipts and disbursements, and fund raising activities. The balance of unrestricted cash as of December 31, 2011 and 2010 is \$257,210 and \$259,514 respectively.

Charlestown Volunteer Fire Department, Inc.
Notes to the Financial Statements
December 31, 2011

Note 3-Property Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method for financial reporting purposes. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Assets with a useful life of over one year are capitalized at cost. It is the Organization's policy to capitalize expenditures for those items in excess of \$500.

Note 4-Long Term Notes Payable

Long-term notes payable at December 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Note payable to New Washington State Bank with two annual payments of \$17,654, bearing interest at 5.5% and collateral of real estate.	\$178,429	\$202,968
Note payable to New Washington State Bank with two annual payments of \$9,733 bearing interest at 6% and collateral of real estate.	183,924	192,050
Note payable to New Washington State Bank with monthly payments of \$322 bearing interest at 4.50% and collateral of F-250 Truck.	13,279	16,475
Note payable to New Washington State Bank with monthly payments of \$552 bearing interest at 6% and collateral of Chevy Blazer	4,828	10,970
Note payable to First Savings Bank with monthly payments of \$308 bearing interest at 4.35% and collateral of F250 Truck.	15,568	0
Note payable to New Washington State Bank with monthly payments of \$320 bearing interest at 4.50% and collateral of F250 Truck.	<u>13,762</u>	<u>16,919</u>
Total	\$409,790	\$439,382
Less current portion	<u>49,267</u>	<u>45,324</u>
	<u>\$360,523</u>	<u>\$394,058</u>

Maturities of long term debt are as follows:

Year ending <u>December</u>	<u>Amount</u>
2012	\$49,267
2013	46,863
2014	49,418
2015	50,804
2016	44,079
Thereafter	<u>169,359</u>
	<u>\$409,790</u>

Note 5-Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization. The Organization could not operate if they did not have volunteers.

Note 6-Leases

The Organization subleases real estate from the Indiana Army Ammunition Plant Reuse Authority for the sum of \$1.00 per year plus supplemental fire protection and emergency services for the River Ridge Commerce Center. The lease will expire March 30, 2016. The future minimum lease under this lease is \$1.00 per year for a total of \$7.00 through the end on the lease. The Organization subleases the 2006 Pumper-Tanker from the Charlestown - Oregon Townships Fire Protection District of Clark County, Indiana for the sum of \$1 per year plus the Organization must provide maintenance and insurance for the vehicle. The lease is year to year.

Note 7-Fair Value of Financial Instruments

The carrying amount of the following financial instruments approximate fair value because of the short maturity of the instrument: cash equivalents. The fair value of the Organization's long term debt is estimated at \$409,790 and \$439,382 for 2011 and 2010, respectively based on the future cash flows associated with each note discounted using the Organization's current borrowing rate for similar debt.

Note 8-Concentration of Credit Risk and Economic Dependence

The Organization maintains its cash at a financial institution located in Charlestown, Indiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. During the year, the Organization's cash balance may be in excess of federally insured limits. The Organization has only one customer Charlestown-Oregon Township Fire Protection District of Clark County, Indiana. However, their services will always be needed by the public.

Note 9-Subsequent Event

The Organization has evaluated subsequent events through August 31, 2012 the date which the financial statements were available to be issued.

The organization purchased a 2008 Ford 650 Crimson Rescue Truck for \$83,195 on March 8, 2012. This was funded by a loan from New Washington State Bank at 4.25% and matures on March 15, 2017.

Note-10 -Federal Financial Assistance:

The Organization was awarded a matching grant for the year 2011 from the Department of Natural Resources. The approval project cost is \$10,000 to be used for water handling and the state share is 50 percent and the Organizations share is 50 percent. As of December 31, 2011 funds received were \$5,000 and expenditures were \$10,071.

The Organization was awarded matching grant for the year 2011 from Department of Natural Resources. The approved project cost is \$10,000 to be used for equipment and wild land and the state's share is 50 percent or \$5,000 and the Organization's is 50 percent or \$5,256. As of December 31, 2011 funds received were \$0 and expenditures were \$10,256.

Note 11- Functional Expense:

The Organization reports its expenses by natural classification in the statement of revenues and expenses and changes in net assets-modified cash basis. By function, costs were incurred as follows:

	<u>2011</u>	<u>2010</u>
Fire protection service	\$ 381,805	\$ 408,354
Administrative	35,551	38,328
Fund raising	56,974	46,956
	<u>\$ 474,330</u>	<u>\$ 493,638</u>

