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January 21, 2015

Board of Directors
Sellersburg Volunteer Fire Department, Inc.
426 E. Utica Street
Sellersburg, IN 47172

We have reviewed the audit report prepared by Rodefer Moss & Co, PLLC, for the period January 1, 2012 to December 31, 2012. 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 Sellersburg Volunteer Fire Department, Inc., as of December 31, 2012, 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

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.

Financial Statements

Years Ended December 31, 2012 and 2011

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Financial Statements
Years Ended December 31, 2012 and 2011

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Independent Auditors' Report

To the Officers and Directors
Sellersburg Volunteer Fire Department, Inc.

We have audited the accompanying financial statements of Sellersburg Volunteer Fire Department, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities 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.

Auditors' 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity'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 entity'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 Sellersburg Volunteer Fire Department, Inc. as of December 31, 2012 and 2011, 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.

Rodefer Moss & Co, PLLC

Rodefer Moss & Co, PLLC

New Albany, Indiana
September 12, 2013

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
 Statements of Financial Position
 December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash	\$ 242,887	\$ 295,617
Cash restricted - escrow	80,276	-
Employee receivable	-	445
Accounts receivable	148,731	682,589
Prepaid expenses	50,896	154,710
Investments	1,391,945	-
Property and equipment, net	<u>2,005,440</u>	<u>1,945,286</u>
Total assets	<u>\$ 3,920,175</u>	<u>\$ 3,078,647</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 21,616	\$ 45,687
Accrued expenses	12,572	35,893
Accrued interest	6,130	68,104
Notes payable	<u>1,161,253</u>	<u>1,350,152</u>
Total liabilities	<u>1,201,571</u>	<u>1,499,836</u>
Net Assets		
Unrestricted		
Unrestricted	1,246,383	1,578,811
Board designated	<u>1,391,945</u>	<u>-</u>
Total Unrestricted	2,638,328	1,578,811
Temporarily restricted	<u>80,276</u>	<u>-</u>
Total net assets	<u>2,718,604</u>	<u>1,578,811</u>
Total liabilities and net assets	<u>\$ 3,920,175</u>	<u>\$ 3,078,647</u>

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Statement of Activities
Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue, gains, and other support			
Contract income	\$ 1,590,974	\$ -	\$ 1,590,974
Ambulance service income	188,367	-	188,367
In-kind contributions	37,896	-	37,896
Other income	56,539	-	56,539
Interest income	9,382	276	9,658
Rent income	8,024	-	8,024
Fire/Haz Mat run income	6,469	-	6,469
Contribution income	5,000	-	5,000
Gain (loss) on disposal of property and equipment	(1,308)	-	(1,308)
Realized and unrealized gain (loss) on investments	(7,768)	-	(7,768)
	<hr/>	<hr/>	<hr/>
Total revenue, gains, and other support	1,893,575	276	1,893,851
Expenses			
Salaries	692,279	-	692,279
Insurance	308,926	-	308,926
Billing services	228,987	-	228,987
Depreciation	210,150	-	210,150
Fire and ambulance supplies	114,964	-	114,964
Employee benefits	88,052	-	88,052
Interest expense	75,030	-	75,030
Fuel and oil	64,304	-	64,304
Utilities and telephone	58,151	-	58,151
Payroll taxes	56,107	-	56,107
Repair and maintenance	41,368	-	41,368
In-kind expense	37,896	-	37,896
Professional fees	30,663	-	30,663
Office expenses	28,617	-	28,617
Incentive pay	23,636	-	23,636
Miscellaneous	22,673	-	22,673
Uniforms and protective clothing	17,764	-	17,764
Vending and food supplies	4,990	-	4,990
Radios and pagers	2,182	-	2,182
Dues and subscriptions	1,475	-	1,475
Travel	1,138	-	1,138
Advertising	557	-	557
Contributions	525	-	525
Rent	45	-	45
Training	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenses	2,110,479	-	2,110,479
Income (loss) from operations	(216,904)	276	(216,628)
Proceeds from sale of billing services	1,520,000	80,000	1,600,000
Cost basis of billing service assets	(243,579)	-	(243,579)
	<hr/>	<hr/>	<hr/>
Gain on sale of billing services	1,276,421	80,000	1,356,421
Change in net assets	1,059,517	80,276	1,139,793
	<hr/>	<hr/>	<hr/>
Net assets at beginning of year	1,578,811	-	1,578,811
	<hr/>	<hr/>	<hr/>
Net assets at end of year	\$ 2,638,328	\$ 80,276	\$ 2,718,604

See notes to financial statements.

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.

Statement of Activities

Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Total
Revenue, gains, and other support			
Contract income	\$ 1,253,360	\$ -	\$ 1,253,360
Ambulance service income	2,861,393	-	2,861,393
In-kind contributions	37,896	-	37,896
Other income	117,153	-	117,153
Interest income	1,938	-	1,938
Rent income	15,686	-	15,686
Fire/Haz Mat run income	6,583	-	6,583
Contribution income	350	-	350
Gain (loss) on disposal of property and equipment	8,600	-	8,600
Realized and unrealized gain (loss) on investments	-	-	-
Total revenue, gains and other support	<u>4,302,959</u>	<u>-</u>	<u>4,302,959</u>
Expenses			
Salaries	2,114,747	-	2,114,747
Insurance	404,105	-	404,105
Billing services	231,811	-	231,811
Depreciation	429,958	-	429,958
Fire and ambulance supplies	295,340	-	295,340
Employee benefits	273,636	-	273,636
Interest expense	68,241	-	68,241
Fuel and oil	176,258	-	176,258
Utilities and telephone	78,440	-	78,440
Payroll taxes	176,170	-	176,170
Repair and maintenance	29,259	-	29,259
In-kind expense	37,896	-	37,896
Professional fees	29,522	-	29,522
Office expenses	32,783	-	32,783
Incentive pay	16,631	-	16,631
Miscellaneous	21,852	-	21,852
Uniforms and protective clothing	6,010	-	6,010
Vending and food supplies	5,078	-	5,078
Radios and pagers	2,140	-	2,140
Dues and subscriptions	2,048	-	2,048
Travel	1,043	-	1,043
Advertising	2,947	-	2,947
Contributions	1,025	-	1,025
Rent	17,600	-	17,600
Training	2,642	-	2,642
Total expenses	<u>4,457,182</u>	<u>-</u>	<u>4,457,182</u>
Change in net assets	(154,223)	-	(154,223)
Net assets at beginning of year	<u>1,733,034</u>	<u>-</u>	<u>1,733,034</u>
Net assets at end of year	<u>\$ 1,578,811</u>	<u>\$ -</u>	<u>\$ 1,578,811</u>

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.

Statements of Cash Flows

Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities		
Cash received from service recipients	\$ 700,339	\$ 3,065,038
Cash received from contract and local support	1,689,337	1,253,710
Interest paid	(75,030)	(68,241)
Interest income	9,658	1,938
Cash paid to employees and suppliers	<u>(1,792,955)</u>	<u>(3,949,538)</u>
Net cash flows from operating activities	<u>531,349</u>	<u>302,907</u>
Cash Flows From Investing Activities		
Equipment purchases	(525,668)	(256,667)
Investment purchases	(1,400,000)	-
Proceeds from sale of equipment	<u>1,610,764</u>	<u>46,600</u>
Net cash flows from investing activities	<u>(314,904)</u>	<u>(210,067)</u>
Cash Flows From Financing Activities		
Principal payments of debt	<u>(188,899)</u>	<u>(89,881)</u>
Net cash flows from financing activities	<u>(188,899)</u>	<u>(89,881)</u>
Net change in cash and cash equivalents	27,546	2,959
Cash and cash equivalents at the beginning of the year	<u>295,617</u>	<u>292,658</u>
Cash and cash equivalents at the end of the year	<u>\$ 323,163</u>	<u>\$ 295,617</u>
Supplemental Disclosures		
Noncash Investing Transaction		
Use of vehicle donated to Organization	\$ 37,896	\$ 37,896
Cash payments for interest	\$ 75,030	\$ 68,241

See notes to financial statements.

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
 Statements of Cash Flows (Continued)
 Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Reconciliation of changes in net assets to net cash flows from operating activities		
Changes in net assets	\$ 1,139,793	\$ (154,223)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	210,150	429,958
Decrease (increase) in assets:		
Employee receivables	445	5
Accounts receivable	533,858	64,218
Prepaid expenses	103,814	(21,478)
Increase (decrease) in liabilities:		
Accounts payable	(24,071)	5,090
Accrued expenses	(23,321)	4,097
Accrued interest	(61,974)	(16,160)
Realized and unrealized (gain) loss on investments	7,768	-
(Gain) loss on sale of property and equipment	<u>(1,355,113)</u>	<u>(8,600)</u>
Net cash flows from operating activities	<u>\$ 531,349</u>	<u>\$ 302,907</u>

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements
December 31, 2012 and 2011

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - Sellersburg Volunteer Fire Department, Inc. ("Organization") is an Indiana nonprofit corporation serving parts of Clark County. The Organization operates a staff of volunteer firefighters to fight fires, to use and maintain rescue and fire fighting equipment, and to otherwise provide fire protection and prevention for the Town of Sellersburg and the Townships of Carr, Silver Creek, and Union. The Organization previously provided ambulance and emergency services and had a contract with Clark County. The ambulance services were sold in January 2012 (see Note 13).

Basis of Accounting - The accounting records of the Organization are maintained using the accrual method. Under this method of accounting, support, revenue and expenditures are identified with specific periods of time and are recorded as incurred along with assets acquired, without regard to the date of receipt or payment of cash. Financial statements prepared on this basis conform to the practices of business organizations in general with respect to such items as receivables, prepayments and accrual of liabilities.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances at year-end. Based on management's assessment of the credit history with individuals having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. At December 31, 2012 and 2011 all accounts receivable were deemed collectible.

Investments - Investments in marketable securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain marketable securities, it is at least reasonably possible that changes in the values could materially affect the amount reported in the Statements of Financial Position.

Property and Equipment - Property and equipment is stated at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is recorded using primarily the straight-line method over the estimated useful lives of the assets.

Disposal of Equipment - The Organization's policy with respect to retirements, sales and disposals of equipment is to remove the cost of the asset and the related accumulated depreciation from the accounts. The resulting gain or loss is reported as gain or loss on sale of the fixed assets.

Trade-In of Equipment - The Organization's policy with respect to the trade-in of equipment is to remove the cost of the asset traded and the related accumulated depreciation from the accounts. The remaining basis of the asset traded-in is added to the cost of the asset acquired. No gain or loss is recognized on trade-ins.

Repairs and Maintenance - Expenditures are charged to operations as incurred for maintenance, repairs and renewals which do not materially extend the useful life of the property.

Advertising - The Organization uses advertising to promote its programs. The costs of advertising are expensed as incurred. During 2012 and 2011, advertising costs totaled \$557 and \$2,947, respectively.

Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is included in the accompanying financial statements. The Organization evaluates its uncertain tax positions in accordance with applicable standards. It has evaluated its tax positions, and believes that it has none that are uncertain. At the Statement of Financial Position date, the Organization's Form 990s for the years ending December 31, 2012, 2011, and 2010 remained subject to examination by the Internal Revenue Service.

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements (Continued)

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Board Designated Net Assets - Represent amounts designated by the Board to retain as investments.

Use of 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.

Contributed Services - During the years ended December 31, 2012 and 2011, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

Donated Property and Equipment - Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

Date of Management's Review - Management has evaluated events and transactions occurring subsequent to the Statement of Financial Position date of December 31, 2012 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through September 12, 2013, the date these financial statements were available to be issued.

NOTE 2 - CASH RESTRICTED - ESCROW

In conjunction with the sale of billing services in January 2012 as discussed in Note 14, the Organization is required to hold \$80,000 in an escrow account, together with any dividends and interest earned. This escrow account will be available to pay any indemnification claims relating to the sale of the billing services. After the second anniversary of the closing date of the sale, the Organization will be entitled to the remaining balance of the escrow account, less any outstanding claims on that date. The balance of the escrow account at December 31, 2012 was \$80,276.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts Receivable consists of the following:

	<u>2012</u>	<u>2011</u>
Ambulance service income	\$ 4,107	\$ 444,602
Tri-Township	<u>144,624</u>	<u>237,987</u>
Total accounts receivable	<u>\$ 148,731</u>	<u>\$ 682,589</u>

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements (Continued)

NOTE 4 - INVESTMENTS

Investments in marketable securities are stated at fair value. Fair value at December 31, 2012 is summarized as follows:

	<u>2012</u>
Fixed income	\$ 431,357
Mutual funds	429,733
Cash and cash equivalents	286,444
Equities	197,097
US Government fixed income	<u>47,314</u>
Total	<u>\$ 1,391,945</u>

The Organization did not have any investments at December 31, 2011. The following schedule summarizes the investment return for the year ended December 31, 2012:

Realized and unrealized gain (loss) on investments	\$ (7,768)
Dividend and interest income	<u>9,658</u>
Total	<u>\$ 1,890</u>

Interest income includes interest earned from investments as well as money market funds, which are included in cash and cash equivalents in the Statements of Financial Position. Dividend income includes dividends received from common stocks and capital gain distributions from mutual funds.

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with the Fair Value Measurements Topic of the FASB Accounting Standards Codification, the following table represents the Organization's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of December 31, 2012.

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Fixed income	\$ 433,176	\$ 431,357	\$ 431,357
Mutual funds	433,667	429,733	429,733
Equities	201,797	197,097	197,097
US Government fixed income	<u>47,534</u>	<u>47,314</u>	<u>47,314</u>
	<u>\$ 1,116,173</u>	<u>\$ 1,105,501</u>	<u>\$ 1,105,501</u>

The standards define levels within the hierarchy of inputs as follows:

- Level 1 - Unadjusted quoted prices for identical assets and liabilities in active markets
- Level 2 - Quoted prices for similar assets and liabilities in active markets (other than those included in Level 1) which are observable for the asset or liability, either directly or indirectly
- Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements (Continued)

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2012</u>	<u>2011</u>
Fire trucks, ambulances and autos	\$ 1,453,556	\$ 2,439,830
Fire and office equipment	1,644,287	1,716,527
Furniture and fixtures	143,444	150,024
Buildings and improvements	<u>1,399,087</u>	<u>1,373,727</u>
	4,640,374	5,680,108
Less accumulated depreciation	<u>(2,634,934)</u>	<u>(3,734,822)</u>
Property and equipment, net	<u>\$ 2,005,440</u>	<u>\$ 1,945,286</u>

NOTE 7 - LEASES

The Organization's fire station located in Union Township, Clark County, Indiana is leased from the Tri-Township Fire Protection District, Inc. The lease was entered into on June 1, 1990 with rent in the amount of \$ 1 per year for a period of fifty (50) years.

The land for the Organization's fire station located in Carr Township, Clark County, Indiana is leased from the Tri-Township Fire Protection District, Inc. The lease was entered into on June 1, 1990, with rent in the amount of \$ 1 per year, for a period of fifty (50) years.

For the aforementioned lease agreements with Tri-Township, management was unable to determine the fair market value of leased property; thus, the value of such leases was not recorded as in-kind revenue or in-kind expense.

The Organization leased a house located at 412 B State Highway 62, New Washington, Indiana from Barker Building, Inc. The lease was on a month to month basis, with monthly rent of \$700. The lease was canceled in January 2012. Total lease expense for the years ended December 31, 2012 and 2011 is \$0 and \$8,400, respectively.

The Organization leased a house located on Kopp Lane in Clarksville, Indiana from Ashvin Padhya. This lease was on a month to month basis. Rent was \$700 per month and increased to \$900 on October 1, 2011. Total lease expense for the years ended December 31, 2012 and 2011 is \$0 and \$9,200, respectively.

NOTE 8 - EMPLOYMENT CONTRACT

In March 1992, the Organization entered into a long-term employment contract with the President of the Organization, Mark Ball. A twenty-year contract began on January 1, 1993, and ended on January 1, 2013. In March 2012, this contract was extended at half of the salary for an additional two years, from January 1, 2013 to January 1, 2015.

Under the contract, *"the fire department shall have the option to terminate this contract for gross neglect, should the contractee be determined to be grossly negligent in the performance of this contract after civil litigation that supports such charges."*

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements (Continued)

NOTE 9 - NOTES PAYABLE

Notes payable consist of the following:

<u>Lender</u>	<u>Interest</u>		<u>Maturity Date</u>	<u>Collateral</u>	<u>2012</u>	<u>2011</u>
	<u>Rate (%)</u>					
NWSB	5.10		01/02/2013	Real estate	\$ 109,565	\$ 124,626
NWSB	5.10		12/31/2013	Real estate	617,448	732,362
NWSB	5.10		12/31/2013	Real estate	434,240	493,164
Total					<u>\$ 1,161,253</u>	<u>\$ 1,350,152</u>

All three notes payable are due in the year ending December 31, 2013, with a combined total due of \$1,161,253.

NOTE 10 - LINES OF CREDIT

The Organization has an unsecured line of credit with JP Chase Morgan Bank in the amount of \$100,000. The line of credit was due to mature on January 14, 2013, and it was renewed. The interest rate charged on this line of credit is 4.25%. The balance at December 31, 2012 and 2011 was \$ 0, and \$ 0, respectively.

NOTE 11 - ECONOMIC DEPENDENCY

The Organization is materially dependent on Clark County, Indiana (Tri-Township Fire Protection District, Inc.) for its funding. In 2012 the Organization received 84 percent of its revenue from Clark County, Indiana, excluding revenue from the sale of billing services. In 2011 the Organization received 29 percent of its revenue from Clark County, Indiana.

NOTE 12 - RETIREMENT PLAN

The Organization established a 401(k) deferred compensation plan on January 1, 1997. When established, the Plan covered all full-time employees over the age of 21. New employees must complete at least one year of service and attain the age of 21 to be eligible.

Under this Plan, the Organization has agreed to make a matching contribution of 50 percent of each eligible employee's elective deferrals up to 12 percent of wages. In April 2010, the Organization began a 401(k) deferred compensation bonus incentive based on the years of service with the Organization.

The Organization's matching contribution expense was \$24,374 and \$28,955 for the years ended December 31, 2012 and 2011, respectively.

NOTE 13 - CONCENTRATION OF CREDIT RISKS

The Organization's fees include billings to insurance companies for ambulance services provided primarily to the residents of Clark County. As a result of the nature of these services, the Organization usually does not require collateral from its customers. The ambulance service was sold in January 2012 (as detailed in Note 14).

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances. All of the non-interest bearing cash balances were fully insured at December 31, 2012 due to a temporary federal program in effect from December 31, 2010 through December 31, 2012. Under the program, there is no limit to the amount of insurance for eligible accounts. Beginning 2013, insurance coverage will revert to \$250,000 per depositor at each financial institution, and the non-interest bearing cash balances may again exceed federally insured limits.

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements (Continued)

NOTE 14 - SALE OF BILLING SERVICES

The Organization sold its billing services to Rural/Metro of Indiana, L.P. in January 2012 for \$1,600,000. As part of the sale, the Organization agreed to retain funds in an escrow account to pay any outstanding claims (as discussed in Note 2).

NOTE 15 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets is composed of cash held in an escrow account. The escrow account is restricted for the purpose of paying claims relating to the sale of billing services, as discussed in Note 2. Temporarily restricted net assets at December 31, 2012 was \$80,276. There were no temporarily restricted net assets at December 31, 2011.

NOTE 16 - SUBSEQUENT EVENTS

On January 9, 2013, Tri Township Fire Protection District, Inc. paid the full remaining balance of New Washington State Bank Loan 18679, which had a balance at December 31, 2012 of \$109,565.