



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B44709

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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, 2013 to December 31, 2013. 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, 2013, 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, 2013 and 2012

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Financial Statements
Years Ended December 31, 2013 and 2012

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	5
Notes to Financial Statements	7

- Certified Public Accountants
- Business Advisors

p: 812.945.5236
f: 812.949.4095
w: rodefermoss.com
301 E Elm Street
New Albany, IN 47150



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, 2013 and 2012, 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, 2013 and 2012, 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
July 9, 2014

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
 Statements of Financial Position
 December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash	\$ 176,408	\$ 242,887
Cash restricted - escrow	80,517	80,276
Accounts receivable	115,364	148,731
Prepaid expenses	39,549	50,896
Investments	1,468,796	1,391,945
Property and equipment, net (restated for 2012)	<u>1,442,796</u>	<u>1,649,604</u>
Total assets (restated for 2012)	<u>\$ 3,323,430</u>	<u>\$ 3,564,339</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 14,110	\$ 21,616
Accrued expenses	13,577	12,572
Accrued interest	588	6,129
Notes payable	<u>1,051,687</u>	<u>1,161,253</u>
Total liabilities	<u>1,079,962</u>	<u>1,201,570</u>
Net Assets		
Unrestricted		
Unrestricted (restated for 2012)	694,155	890,548
Board designated	<u>1,468,796</u>	<u>1,391,945</u>
Total Unrestricted (restated for 2012)	2,162,951	2,282,493
Temporarily restricted	<u>80,517</u>	<u>80,276</u>
Total net assets (restated for 2012)	<u>2,243,468</u>	<u>2,362,769</u>
Total liabilities and net assets (restated for 2012)	<u>\$ 3,323,430</u>	<u>\$ 3,564,339</u>

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.

Statements of Activities

Years Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
Revenue, gains, and other support			
Contract services	\$ 1,444,329	\$ -	\$ 1,444,329
Interest and dividends	51,557	241	51,798
Realized and unrealized gain (loss) on investments	38,554	-	38,554
In-kind contributions	37,896	-	37,896
Ambulance services	19,183	-	19,183
Other	17,963	-	17,963
Rent	16,909	-	16,909
Fire/Haz Mat runs	4,255	-	4,255
Loss on disposal of property and equipment	(36,262)	-	(36,262)
Contributions	-	-	-
Total revenue, gains, and other support	<u>1,594,384</u>	<u>241</u>	<u>1,594,625</u>
Expenses			
Salaries	573,549	-	573,549
Insurance	240,068	-	240,068
Depreciation	239,500	-	239,500
Employee benefits	79,738	-	79,738
Uniforms and protective clothing	69,852	-	69,852
Fire and ambulance supplies	63,367	-	63,367
Repair and maintenance	61,073	-	61,073
Utilities and telephone	58,175	-	58,175
Interest	54,075	-	54,075
Fuel and oil	51,159	-	51,159
Payroll taxes	49,606	-	49,606
In-kind	37,896	-	37,896
Incentive pay	31,759	-	31,759
Miscellaneous	25,308	-	25,308
Office	20,341	-	20,341
Professional fees	18,965	-	18,965
Investment fees	12,447	-	12,447
Billing services	7,901	-	7,901
Vending and food supplies	7,104	-	7,104
Radios and pagers	4,087	-	4,087
Advertising	2,460	-	2,460
Dues and subscriptions	2,091	-	2,091
Travel	1,843	-	1,843
Training	1,545	-	1,545
Amortization	17	-	17
Total expenses	<u>1,713,926</u>	<u>-</u>	<u>1,713,926</u>
Change in net assets	<u>(119,542)</u>	<u>241</u>	<u>(119,301)</u>
Net assets at beginning of year (restated)	<u>2,282,493</u>	<u>80,276</u>	<u>2,362,769</u>
Net assets at end of year	<u>\$ 2,162,951</u>	<u>\$ 80,517</u>	<u>\$ 2,243,468</u>

See notes to financial statements.

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
 Statements of Activities
 Years Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total
Revenue, gains, and other support			
Contract services	\$ 1,590,974	\$ -	\$ 1,590,974
Interest and dividends	9,382	276	9,658
Realized and unrealized gain (loss) on investments	(7,768)	-	(7,768)
In-kind contributions	37,896	-	37,896
Ambulance services	188,367	-	188,367
Other	56,539	-	56,539
Rent	8,024	-	8,024
Fire/Haz Mat runs	6,469	-	6,469
Loss on disposal of property and equipment	(1,308)	-	(1,308)
Contributions	5,000	-	5,000
Total revenue, gains, and other support	<u>1,893,575</u>	<u>276</u>	<u>1,893,851</u>
Expenses			
Salaries	692,279	-	692,279
Insurance	308,926	-	308,926
Depreciation (restated)	196,046	-	196,046
Employee benefits	88,052	-	88,052
Uniforms and protective clothing	17,764	-	17,764
Fire and ambulance supplies	114,964	-	114,964
Repair and maintenance	41,368	-	41,368
Utilities and telephone	58,151	-	58,151
Interest	75,030	-	75,030
Fuel and oil	64,304	-	64,304
Payroll taxes	56,107	-	56,107
In-kind	37,896	-	37,896
Incentive pay	23,636	-	23,636
Miscellaneous	22,673	-	22,673
Office	28,617	-	28,617
Professional fees	30,663	-	30,663
Billing services	228,987	-	228,987
Vending and food supplies	4,990	-	4,990
Radios and pagers	2,182	-	2,182
Advertising	557	-	557
Dues and subscriptions	1,475	-	1,475
Travel	1,138	-	1,138
Contributions	525	-	525
Rent	45	-	45
Total expenses (restated)	<u>2,096,375</u>	<u>-</u>	<u>2,096,375</u>
Change in net assets before gain (restated)	(202,800)	276	(202,524)
Gain on sale of billing services	<u>1,276,421</u>	<u>80,000</u>	<u>1,356,421</u>
Change in net assets (restated)	<u>1,073,621</u>	<u>80,276</u>	<u>1,153,897</u>
Net assets at beginning of year (restated)	<u>1,208,872</u>	<u>-</u>	<u>1,208,872</u>
Net assets at end of year (restated)	<u>\$ 2,282,493</u>	<u>\$ 80,276</u>	<u>\$ 2,362,769</u>

See notes to financial statements.

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
 Statements of Cash Flows
 Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Cash received from service recipients	\$ 62,422	\$ 700,339
Cash received from contract and local support	1,511,816	1,689,337
Interest paid	(54,075)	(75,030)
Interest income	1,124	9,658
Cash paid to employees and suppliers	(1,370,692)	(1,792,955)
Net cash flows from operating activities	<u>150,595</u>	<u>531,349</u>
Cash Flows From Investing Activities		
Purchases of equipment	(75,944)	(525,668)
Proceeds from sale of equipment	7,500	1,610,764
Purchases of investments	(598,343)	(1,400,000)
Proceeds from sale of investments	<u>560,116</u>	<u>-</u>
Net cash flows from investing activities	<u>(106,671)</u>	<u>(314,904)</u>
Cash Flows From Financing Activities		
Proceeds from debt	1,051,687	-
Principal payments of debt	(1,161,849)	(188,899)
Net cash flows from financing activities	<u>(110,162)</u>	<u>(188,899)</u>
Net change in cash and cash equivalents	<u>(66,238)</u>	<u>27,546</u>
Cash and cash equivalents at the beginning of the year	<u>323,163</u>	<u>295,617</u>
Cash and cash equivalents at the end of the year	<u>\$ 256,925</u>	<u>\$ 323,163</u>
Supplemental Disclosures		
Noncash Investing Transaction		
Use of vehicle donated to Organization	<u>\$ 37,896</u>	<u>\$ 37,896</u>

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
 Statements of Cash Flows (Continued)
 Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Reconciliation of change in net assets to net cash flows from operating activities		
Change in net assets (restated for 2012)	\$ (119,301)	\$ 1,153,897
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation (restated for 2012)	239,500	196,046
Amortization	17	-
Decrease in assets:		
Employee receivables	-	445
Accounts receivable	33,367	533,858
Prepaid expenses	11,347	103,814
Increase (decrease) in liabilities:		
Accounts payable	(7,506)	(24,071)
Accrued expenses	1,005	(23,321)
Accrued interest	(5,542)	(61,974)
Realized and unrealized (gain) loss on investments	(38,554)	7,768
(Gain) loss on sale of property and equipment	<u>36,262</u>	<u>(1,355,113)</u>
Net cash flows from operating activities	<u>\$ 150,595</u>	<u>\$ 531,349</u>

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements
December 31, 2013 and 2012

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. Prior to 2012, the Organization provided ambulance and emergency services to Clark County. The ambulance services were sold in January 2012.

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, 2013 and 2012 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 amounts 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. Amortization is recorded using the straight-line method over fifteen years.

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 2013 and 2012, advertising costs totaled \$2,460 and \$557, 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 Forms 990 for the years ending December 31, 2013, 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 of Directors to retain as investments.

Temporarily Restricted Net Assets - Represent cash held in an escrow account. The escrow account is restricted for the purpose of paying claims relating to the sale of ambulance services in January 2012. The restriction expires in January 2014, on the second anniversary of the closing date of the sale. Temporarily restricted net assets at December 31, 2013 and 2012 were \$80,517 and \$80,276, respectively.

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, 2013 and 2012, 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, 2013 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through July 9, 2014, the date these financial statements were available to be issued.

NOTE 2 - PRIOR PERIOD ADJUSTMENT

Management determined that there were several assets recorded as property of the Organization; however the Organization no longer had ownership rights to these properties.

The effect of the restatement on the financial statements as of and for the year ended December 31, 2012 is as follows:

	As previously reported	Restated
Property and equipment	\$ 4,640,374	\$ 4,042,404
Accumulated depreciation	(2,634,934)	(2,392,800)
Property and equipment, net	<u>\$ 2,005,440</u>	<u>\$ 1,649,604</u>
Depreciation expense	\$ 210,150	\$ 196,046
Net assets	2,718,604	2,362,769
Change in net assets	1,139,793	1,153,897

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

NOTE 3 - CASH RESTRICTED - ESCROW

The Organization's ambulance services were sold in 2012. In conjunction with this sale, 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 ambulance 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, 2013 and 2012 was \$80,517 and \$80,276.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts Receivable consists of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Tri-Township	\$ 106,526	\$ 101,453
Other	8,838	43,171
Ambulance services	<u>-</u>	<u>4,107</u>
Total accounts receivable	<u>\$ 115,364</u>	<u>\$ 148,731</u>

NOTE 5 - INVESTMENTS

Investments in marketable securities are stated at fair value. Fair values at December 31, 2013 and 2012 are summarized as follows:

	<u>2013</u>	<u>2012</u>
Mutual funds	\$ 605,055	\$ 429,733
Fixed income	443,516	431,357
Equities	253,780	197,097
Other alternative investment	81,974	-
US Government fixed income	45,664	47,314
Cash and cash equivalents	<u>38,807</u>	<u>286,444</u>
	<u>\$ 1,468,796</u>	<u>\$ 1,391,945</u>

The following schedule summarizes the investment return for the years ended December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Realized and unrealized gain (loss) on investments	\$ 38,554	\$ (7,768)
Dividend and interest income	<u>51,798</u>	<u>9,658</u>
Total	<u>\$ 90,352</u>	<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.

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

NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the Organization's cash, certain cash equivalents, receivables, payables, and accrued liabilities approximate fair value because of the short-term maturity of these instruments. The Organization has various financial assets and liabilities that are measured at fair value on the financial statements using input from the three levels of the fair value hierarchy. A financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- Level 3 - Unobservable inputs reflect the Organization's judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. The Organization develops these inputs based on the best information available, including its own data.

Cash and cash equivalents are not subject to fair value disclosure requirements. Other investments are valued at the closing price reported on the active market on which the individual investment is traded. There have been no changes in the methodologies used to value investments at December 31, 2013 and 2012.

In accordance with the Fair Value Measurements Topic of the FASB Accounting Standards Codification, the following tables represent the Organization's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of December 31, 2013 and 2012. All investments are included in Level 1 of the fair value hierarchy:

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 583,867	\$ 605,055	\$ 433,667	\$ 429,733
Fixed income	450,474	443,516	433,176	431,357
Equities	245,631	253,780	201,797	197,097
Other alternative investment	79,952	81,974	-	-
US Government fixed income	47,534	45,664	47,534	47,314
	<u>\$ 1,407,458</u>	<u>\$ 1,429,989</u>	<u>\$ 1,116,174</u>	<u>\$ 1,105,501</u>

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

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2013</u>	<u>2012</u>
Fire trucks, ambulances and autos	\$ 1,751,671	\$ 1,453,556
Fire and office equipment	1,141,473	1,644,287
Leasehold improvements	765,831	801,117
Furniture and fixtures	132,855	143,444
Closing costs	<u>3,067</u>	<u>-</u>
	3,794,897	4,042,404
Less accumulated depreciation and amortization	<u>(2,352,101)</u>	<u>(2,392,800)</u>
Property and equipment, net	<u>\$ 1,442,796</u>	<u>\$ 1,649,604</u>

NOTE 8 - LEASES

The Organization leases several properties in Clark County, Indiana from the Tri-Township Fire Protection District, Inc. The leases began December 1, 1991 with rent in the amount of \$ 1 per year for a period of forty-eight years and six months.

Management was unable to determine the fair market value of the leased property; thus, the value of such leases was not recorded as in-kind revenue or in-kind expense.

~~During 2013, the Organization began leasing a house to two individual tenants. The first lease agreement began on February 25, 2013 and is a month-to-month lease agreement with rent of \$475 due on the first day of every month, beginning March 1, 2013. The second lease agreement began on March 25, 2013 and is a month-to-month lease agreement with rent of \$475 due on the first day of every month, beginning April 1, 2013.~~

NOTE 9 - 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."*

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, 2014, and it was renewed. The interest rate charged on this line of credit is 4.25%. The balance at December 31, 2013 and 2012 was \$ 0, and \$ 0, respectively.

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

NOTE 11 - NOTES PAYABLE

Notes payable consist of the following at December 31, 2013 and 2012:

<u>Lender</u>	<u>Interest</u>		<u>Collateral</u>		
	<u>Rate (%)</u>	<u>Maturity Date</u>		<u>2013</u>	<u>2012</u>
NWSB	5.10	01/02/2013	Real estate	\$ -	\$ 109,565
NWSB	5.10	12/31/2013	Real estate	-	617,448
NWSB	5.10	12/31/2013	Real estate	-	434,240
NWSB	4.90	12/31/2023	Real estate	<u>1,051,687</u>	<u>-</u>
Total				<u>\$ 1,051,687</u>	<u>\$ 1,161,253</u>

Three notes payable matured during the year ended December 31, 2013. One was paid off, and two were refinanced into a new loan. A five-year summary of debt payments is presented below.

Year ending December 31,	
2014	\$ 83,510
2015	88,168
2016	92,487
2017	97,018
2018	101,772
Thereafter	<u>588,732</u>
	<u>\$ 1,051,687</u>

NOTE 12 - ECONOMIC DEPENDENCY

The Organization is materially dependent on Clark County, Indiana (Tri-Township Fire Protection District, Inc.) for its funding. In 2013 the Organization received 91 percent of its revenue from Clark County, Indiana. In 2012 the Organization received 84 percent of its revenue from Clark County, Indiana, excluding revenue from the sale of ambulance services.

NOTE 13 - 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 \$21,589 and \$24,374 for the years ended December 31, 2013 and 2012, respectively.

NOTE 14 - RISKS AND UNCERTAINTIES

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 amounts reported in the Statements of Financial Position.

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

NOTE 15 - RELATED PARTIES

The collateral on the Organization's debt, described in Note 11, is owned by Clark County, Indiana (Tri Township Fire Protection District, Inc.). Additionally, the Organization leases several properties from Clark County, Indiana, as discussed in Note 8.

For the years ended December 31, 2013 and 2012, Clark County, Indiana provided funding to the Organization in the amounts of \$1,444,329 and \$1,590,974, respectively. At December 31, 2013 and 2012, the balances due to the Organization from Clark County were \$106,526 and \$101,453, respectively. The Organization's economic dependency on Clark County, Indiana is described in Note 12.

NOTE 16 - SUBSEQUENT EVENTS

On April 17, 2014, the Organization opened a line of credit at New Washington State Bank in the amount of \$100,000. Interest on the line of credit is due each month beginning on May 17, 2014 at a rate of 4.5%. The line of credit matures on October 14, 2014.

On April 24, 2014, the Organization opened two lines of credit at Your Community Bank in the amount of \$100,000 and \$150,000, respectively. Interest on these lines of credit is due each month beginning on May 24, 2014 at a rate of 1.5 percentage points over the index, which was 3.25% at the date of the notes. Both lines are secured by motor vehicles held as collateral. The first line of credit for \$100,000 matures on April 24, 2015. The second line of credit for \$150,000 matures on August 24, 2014.

