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August 2, 2023

Board of Directors
Scott Township Volunteer Fire Department, Inc.
1540 E. Baseline Road
Evansville, IN 47725

We have reviewed the audit report of Scott Township Volunteer Fire Department, Inc. which was opined upon by Krueger & Associates, CPA's, LLC, Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Scott Township Volunteer Fire Department, Inc. as of June 30, 2022 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Krueger & Associates, CPA's, LLC prepared the audit report in accordance with guidelines established by the Indiana State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

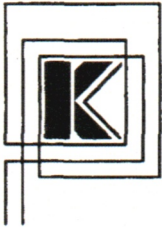
Tammy R. White, CPA
Deputy State Examiner

**SCOTT TOWNSHIP VOLUNTEER
FIRE DEPARTMENT, INC.
Evansville, Indiana**

**FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021**

SCOTT TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
Evansville, Indiana

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Krueger & Associates, CPA's, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Scott Township Volunteer Fire Department, Inc.

Opinion

We have audited the accompanying financial statements of Scott Township Volunteer Fire Department, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets—cash basis as of June 30, 2022 and 2021, and the related statement of support, revenue, and expenses—cash basis 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 assets, liabilities, and net assets of Scott Township Volunteer Fire Department, Inc. as of June 30, 2022 and 2021, and its support, revenue, and expenses for the years then ended in accordance with the cash basis of accounting as described in Note 1.

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 Scott Township Volunteer Fire Department, Inc. 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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. 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 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 Scott Township Volunteer Fire Department, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used 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 Scott Township Volunteer Fire Department, Inc.'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.

Krueger & Associates, CPA's, LLC

Krueger & Associates CPA's, LLC

Jasper, Indiana

March 2, 2023

SCOTT TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
Evansville, Indiana

EXHIBIT A

STATEMENTS OF ASSETS, LIABILITIES AND
NET ASSETS-CASH BASIS
JUNE 30, 2022 and 2021

ASSETS

| | 2022 | 2021 |
|------------------------------------|-----------|-------------|
| CURRENT ASSETS | | |
| Cash - payroll | \$31,801 | (\$15,324) |
| Cash - checking | 926,994 | 1,205,253 |
| Cash - ambulance transports | 22,479 | 9,689 |
| Cash - reserve/savings | 10 | 101 |
| Cash - Bill.com money out clearing | (23,074) | (2,537) |
| Cash - education | 40 | 6,577 |
| Cash - LN fees | 0 | 427 |
| Cash - fund drive | 845 | 369 |
| | \$959,095 | \$1,204,555 |
| TOTAL ASSETS | | |

LIABILITIES AND NET ASSETS

| | | |
|---|-----------|-------------|
| CURRENT LIABILITIES | | |
| Payroll tax liabilities | \$18,532 | \$17,886 |
| Note payable - line of credit | 0 | 105,000 |
| | 18,532 | 122,886 |
| TOTAL LIABILITIES | | |
| NET ASSETS | | |
| Without donor restrictions: | | |
| Available for general activities | 940,563 | 1,081,669 |
| | 940,563 | 1,081,669 |
| TOTAL NET ASSETS | | |
| TOTAL LIABILITIES AND NET ASSETS | \$959,095 | \$1,204,555 |

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

SCOTT TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
Evansville, Indiana

EXHIBIT B

STATEMENTS OF SUPPORT, REVENUE, EXPENSES AND
 CHANGES IN NET ASSETS - CASH BASIS
 For the Years Ended June 30,

| | 2022 | 2021 |
|-----------------------------------|-------------|-------------|
| SUPPORT AND REVENUE | | |
| Support: | | |
| Grants and contributions | \$2,528,820 | \$2,508,110 |
| | 2,528,820 | 2,508,110 |
| Revenue: | | |
| Ambulance transports | 411,851 | 408,115 |
| Recovery services | 15,698 | 27,491 |
| Fundraising | 20,155 | 5,085 |
| Other | 58,394 | 21,439 |
| Interest | 0 | 48 |
| | 506,098 | 462,178 |
| Total Support and Revenue | 3,034,918 | 2,970,288 |
| EXPENSES | | |
| Program Services: | | |
| Equipment and vehicle maintenance | 173,140 | 154,519 |
| Fuel and oil | 46,583 | 19,257 |
| Supplies | 44,282 | 69,437 |
| Training | 40,781 | 29,636 |
| Member social expense | 1,423 | 6,670 |
| Protective clothing | 26,578 | 35,562 |
| | 332,787 | 315,081 |

SCOTT TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
Evansville, Indiana

EXHIBIT B (CONTINUED)

STATEMENTS OF SUPPORT, REVENUE, EXPENSES AND
 CHANGES IN NET ASSETS - CASH BASIS
 For the Years Ended June 30,

| | <u>2022</u> | <u>2021</u> |
|---|-------------------------|---------------------------|
| Supporting Services: | | |
| Insurance | 754,630 | 472,356 |
| Professional fees | 39,747 | 29,152 |
| Dues and subscriptions | 3,350 | 3,550 |
| Office supplies and equipment | 90,190 | 90,747 |
| Payroll and related | 1,858,249 | 1,721,021 |
| Utilities and telephone | 55,161 | 53,550 |
| Building maintenance | 17,272 | 193,127 |
| Travel | 5,653 | 1,859 |
| Other | 18,985 | 25,351 |
| | <u>2,843,237</u> | <u>2,590,713</u> |
| Total Expenses | <u>3,176,024</u> | <u>2,905,794</u> |
| Increase (Decrease) in Net Assets | (141,106) | 64,494 |
| Net Assets - Without Donor Restrictions - Beginning of Year | <u>1,081,669</u> | <u>1,017,175</u> |
| Net Assets - Without Donor Restrictions - End of Year | <u><u>\$940,563</u></u> | <u><u>\$1,081,669</u></u> |

The accompanying notes are an integral part of the financial statements

SCOTT TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

Notes to Financial Statements

NOTE 1—NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities

Scott Township Volunteer Fire Department, Inc. was established to provide fire, emergency medical and rescue services to governmental units located in Vanderburgh County, Indiana. The Department's primary source of revenue is from contracts with these governmental units.

Basis of Accounting

The accompanying financial statements have been prepared on the cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Financial Statement Presentation

Net assets and revenue, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of Scott Township Volunteer Fire Department, Inc. as:

Without Donor Restrictions - Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

With Donor Restrictions - Those resources subject to donor-imposed restrictions that will be satisfied by action of Scott Township Volunteer Fire Department, Inc. or by the passage of time.

Scott Township Fire Department, Inc. has elected to present contributions with donor restrictions that are fulfilled in the same period within the net assets without donor restrictions class. Scott Township Fire Department, Inc. has no permanently restricted net assets as of June 30, 2022 and 2021.

SCOTT TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

Notes to Financial Statements

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Public support

All public support revenue is considered to be available for unrestricted use unless specifically restricted by the donor or the terms of a grant. Revenue from public support is recognized at the time an unconditional promise to give or transfer of assets is made.

Contributions: The Organization receives contributions to support operating activities and capital projects. These contributions can be from individuals, foundations, corporations, or trusts. The Organization records contributions receivable, net of allowances for estimated uncollectible amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional gifts, with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor.

Government grants and contracts: The Organization receives grant and contract funding from various state and local governments to provide a variety of program services to the public based on specific requirements included in the agreement, including eligibility, procurement, reimbursement, curriculum, staffing and other requirements. Such government grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies and are, therefore, accounted for as conditional contributions. Public support is recognized as conditions are satisfied, primarily as expenses are incurred. Cash received on government grants and contracts prior to incurring allowable expenses are recorded as advances upon receipt.

Revenue recognition

Because the Organization performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in the revenue recognition guidance, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

SCOTT TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

Notes to Financial Statements

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED):

Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | <u>\$ 959,095</u> |
| | <u>\$ 959,095</u> |

Income Taxes

The Department is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. There are no material tax provisions taken by the organization which require recognition or disclosure under the provisions of FASB ASC 740 (formerly FIN 48) "Accounting for Uncertainty in Income Taxes". The organization's federal and state income tax returns for all years after 2019 are subject to examination by taxing authorities.

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.

Date of Management's Review

Management has evaluated subsequent events through March 2, 2023, the date of which the financial statements were available to be issued.

NOTE 2—CASH RECEIVED FROM GOVERNMENTAL UNITS:

| <u>Governmental Unit</u> | <u>2022</u> | <u>2021</u> |
|--------------------------|-------------|-------------|
| Scott Township | \$2,520,416 | \$2,359,663 |

SCOTT TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

Notes to Financial Statements

NOTE 3—CONCENTRATION OF CREDIT RISK:

Approximately 83% and 79% of support and revenue in 2022 and 2021, respectively, was from a contract with Vanderburgh County Indiana township. See Note 2.

The Department maintains their cash in bank deposit accounts at quality financial institutions. The balances, at times, may exceed federally insured limits. At June 30, 2022 and 2021, the balances exceeded federally insured limits by approximately \$954,555 and \$867,332, respectively.

NOTE 4 - LEASE COMMITMENTS:

The Company has been leasing various equipment under leasing agreements that expire in 2023 and 2025. The rents expected under these leases are included in the minimum future rental payments below.

The total rental payments under these leases for the years ended June 30, 2022 and 2021, amounted to approximately \$58,507 and \$164,938, respectively.

Total future minimum lease payments are as follows for the years ending June 30:

| | |
|------|------------------|
| 2023 | \$ 58,507 |
| 2024 | 16,815 |
| 2025 | 16,815 |
| 2026 | <u>-</u> |
| | <u>\$ 92,137</u> |

NOTE 5 - LINE OF CREDIT:

The Company has a \$110,000 bank line of credit, with interest at bank prime rate, that matures on September 8, 2021. The line of credit is secured by various personal property that has been pledged as collateral. The amount borrowed against the line of credit at June 30, 2022 and 2021, was \$ -0- and \$105,000, respectively.