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May 27, 2009

Board of Directors  
Monroe Township Volunteer  
Fire Department, Inc.  
P.O. Box 88  
Henryville, IN 47126

We have reviewed the audit report prepared by J. Rorrer & Co., PC, 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 Monroe 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.

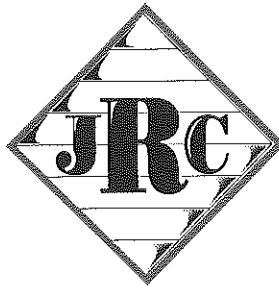
STATE BOARD OF ACCOUNTS

Monroe Township Volunteer Fire Department, Inc.  
Audited Financial Statement  
For the Year Ended  
December 31, 2007

Monroe Township Volunteer Fire Department, Inc.

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

MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND INDIANA & KENTUCKY CPA SOCIETY

INDEPENDENT AUDITOR'S REPORT


To the Governing Officers of  
Monroe Township Volunteer Fire Department Inc.

We have audited the accompanying statement of assets, liabilities, and net assets –modified cash basis of the Monroe Township Volunteer Fire Department Inc. (a nonprofit corporation) as of December 31, 2007 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 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 the 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 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 Monroe Township Volunteer Fire Department, Inc. as of December 31, 2007 and its support, revenue, and expenses for the year then ended, on the basis of accounting described in note 1.

  
J Rorrer & Co. P.C.  
Certified Public Accountants  
June 30, 2008

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**Monroe Township Volunteer Fire Department, Inc.**  
**Statement of Assets Liabilities and Net Assets**  
**Modified Cash Basis**  
**December 31, 2007**

**ASSETS**

<b>Current Assets:</b>	
Cash and cash equivalents	\$85,160
<b>Total Current Assets</b>	<b>85,160</b>
<b>Property and Equipment:</b>	
Land	29,275
Buildings	705,986
Vehicles	429,589
Fire fighting equipment	349,338
Office	33,162
Alarm system	26,733
Less Accum. Depreciation	<u>(700,309)</u>
<b>Total Property and Equipment</b>	<b>873,774</b>
<b>Total Assets</b>	<b><u>\$958,934</u></b>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>	
Current portion long-term debt	<u>221,855</u>
<b>Total Current Liabilities</b>	<b>221,855</b>
<b>Long-Term Liabilities</b>	
Long term debt	368,199
Less current portion	<u>(221,855)</u>
<b>Total Long-Term Liabilities:</b>	<b><u>146,344</u></b>
<b>Total Liabilities</b>	<b>368,199</b>
<b>Net Assets:</b>	
Temporarily restricted	0
Unrestricted	<u>590,735</u>
<b>Total Net Assets</b>	<b>590,735</b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$958,934</u></b>

See accompanying notes and auditor's report.

**Monroe Township Volunteer Fire Department, Inc.**  
**Statement of Revenue and Expenses and Changes in Net Assets**  
**Modified Cash Basis**  
**For the Year Ending December 31, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<b>Revenue:</b>			
Contract income	\$193,000	\$0	\$193,000
Miscellaneous Income	2,887	0	2,887
Insurance claims	22,061	0	22,061
Timber sales	591	0	591
Monroe trustee	20	0	20
DNR grant	5,000	0	5,000
Crusade for children	21,730	0	21,730
Interest income	237	0	237
<b>Total Revenue</b>	<u>245,526</u>	<u>0</u>	<u>245,526</u>
<b>Expenses:</b>			
Accounting	1,345	0	1,345
Advertising	28	0	28
Bank charges	8	0	8
Building maintenance	5,288	0	5,288
Clothing allowance	13,607	0	13,607
Communication radio	2,973	0	2,973
Contract labor	18,000	0	18,000
Contribution crusade for children	22,055	0	22,055
Depreciation	53,965	0	53,965
Dues and subscriptions	1,467	0	1,467
Fuel	9,367	0	9,367
Interest on loans	14,249	0	14,249
Liability insurance	24,928	0	24,928
Miscellaneous expense	632	0	632
Office expense	1,409	0	1,409
Outside service	6,236	0	6,236
Personal turnout gear	878	0	878
Public relations	4,322	0	4,322
Small equipment and repairs	5,907	0	5,907
Supplies	4,305	0	4,305
Telephone	3,203	0	3,203
Training	1,592	0	1,592
Truck expense	14,685	0	14,685
Uniforms	2,281	0	2,281
Utilities	12,870	0	12,870
<b>Total Expenses</b>	<u>225,600</u>	<u>0</u>	<u>225,600</u>
<b>Other Income and (Expense):</b>			
Rental income	5,500	0	5,500
Rental expense	(1,149)	0	(1,149)
<b>Total Other Income and Expenses</b>	<u>4,351</u>	<u>0</u>	<u>4,351</u>
<b>Changes in Net Assets</b>	<u>24,277</u>	<u>0</u>	<u>24,277</u>
<b>Net Assets, beginning of year</b>	566,458	0	566,458
<b>Net Assets, end of year</b>	<u>\$590,735</u>	<u>\$0</u>	<u>\$590,735</u>

See accompanying notes and auditor's report.

**Monroe Township Volunteer Fire Department, Inc**  
**Statement of Cash Flows**  
**Modified Cash Basis**  
**December 31, 2007**

	<b>2007</b>
<b>Operating activities:</b>	
Changes in net assets	\$24,277
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	53,965
<b>Net cash provided by operating activities</b>	<b>78,242</b>
<b>Investing activities:</b>	
Purchase of equipment	(242,097)
<b>Net cash used in investing activities</b>	<b>(242,097)</b>
<b>Financing activities:</b>	
Proceeds from debt	419,412
Debt reduction	(229,682)
<b>Net cash used in financing activities</b>	<b>189,730</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>25,875</b>
<b>Beginning Cash and Cash Equivalents</b>	<b>59,285</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$85,160</b>
<b>Supplemental disclosure:</b>	
Interest paid	\$14,249
Taxes paid	\$0

See accompanying notes and auditor's report.

Monroe Township Volunteer Fire Department, Inc.  
Notes to the Financial Statements  
December 31, 2007

Note 1- Nature of Activities and Significant Accounting Policies

Nature of Activities:

Monroe Township Volunteer Fire Department, Inc. (operates as 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 Monroe Township.

Basis of Presentation:

The Corporation 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 Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalent.

Revenue:

The Corporation has an annual contract with the Monroe Township Fire Protection District of Clark County, Indiana. They receive funds twice a year from the District when collected by the District. In the event the tax revenues of the District are less than anticipated, than the Corporation shall be paid an amount less than the contract amount.

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 Corporation is filing a not-for-profit application with the IRS to become 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 and all tax returns should be filed accordingly. The Corporation is recognized by the Indiana Department of Revenue as a non for profit Domestic Corporation.

Note 2-Cash:

Unrestricted Cash consists of four accounts. One main operating account is used for receipts and disbursements. Separate accounts are used for rental property, short term savings, and fund raising activities. The balance of unrestricted cash as of December 31, 2007 is \$86,480.

Monroe Township Volunteer Fire Department, Inc.  
Notes to the Financial Statements  
December 31, 2007

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.

Note 4-Long Term Notes Payable:

Long-term notes payable at December 31, 2007 consisted of the following:

Note payable to New Washington State Bank with monthly payments of \$1,733 bearing interest at 6% and collateral of real estate.	\$157,972
Note payable to New Washington State Bank Refinanced March 2008 bearing interest at 6.5% and collateral of real estate located 805 Henryville Blue Lick Rd	<u>210,227</u>
Total	\$368,199
Less current portion	221,855
	<u>\$146,344</u>

Maturities of long term debt are as follows:

Year ending December	Amount
2008	221,855
2009	12,345
2010	13,107
2011	13,915
2012	14,774
Thereafter	<u>92,203</u>
	<u>\$368,199</u>

Note 5-Federal Financial Assistance:

The Corporation has been awarded a grant from the DNR. The Corporation must have an actual invoice before they can receive the funds and the grant is audited by the federal government. Grant activity for the year ended December 31, 2007 was as follows:

DNR Grant received	\$ 5,000
Expenditures for equipment	<u>10,000</u>
Amount the Corporation spent over the grant	<u>\$ (5,000)</u>

Monroe Township Volunteer Fire Department, Inc.  
Notes to the Financial Statements  
December 31, 2007

Note 6-Leases:

The Corporation subleases two vehicles #2024 engine and #2022 engine from the Monroe Township Fire Protection District of Clark County, Indiana for the sum of \$1 per year plus the Corporation must provide maintenance and insurance for the vehicle. The lease is for the term of one year.

Note 7 - Donated Services:

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

Note 8 - Fair Value of Financial Instruments:

The carrying amount of the following financial instruments approximate fair value because of the short maturity of the instruments: cash equivalents.

The fair value of the Corporation's long-term debt is estimated at \$368,199 based on the future cash flows associated with each note discounted using the Corporation's current borrowing rate for similar debt.

Note 9 – Concentration of Credit Risk and Economic Dependence:

The Corporation maintains its cash at a financial institution located in Charlestown, Indiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. During the year, the Corporation's cash balance may be in excess of federally insured limits.

The Corporation has only one customer Monroe Township Fire Protection District of Clark County, Indiana. However, their services will always be needed by the public.