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November 24, 2009

Board of Directors  
Hamilton Township Volunteer  
Fire Company, Inc.  
8021 N. State Rd. 3  
Muncie, IN 47303

We have reviewed the audit report prepared by Summers, Carroll, Whisler, LLC, 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 Hamilton Township Volunteer Fire Company, 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

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**HAMILTON TOWNSHIP VOLUNTEER FIRE COMPANY, INC.**

**DECEMBER 31, 2007**



## C O N T E N T S

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# Summers, Carroll, Whisler *LLC*

*Certified Public Accountants*

## Independent Auditors' Report

**Board of Directors  
Hamilton Township Volunteer Fire Company, Inc.**

We have audited the accompanying statement of financial position of Hamilton Township Volunteer Fire Company, Inc. (an Indiana corporation) as of December 31, 2007 and the related statements of activities, cash flow, and functional expenses for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U. S. generally accepted auditing standards. 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hamilton Township Volunteer Fire Company, Inc. as of December 31, 2007 and the results of its operations and its cash flow for the year then ended, in conformity with U. S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2008 on our consideration of Hamilton Township Volunteer Fire Company, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Summers, Carroll, Whisler LLC*

Muncie, Indiana  
August 15, 2008

## Hamilton Township Volunteer Fire Company, Inc.

## STATEMENT OF FINANCIAL POSITION

December 31, 2007

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	<u>\$ 53,445</u>
Total current assets	53,445
<b>PROPERTY AND EQUIPMENT</b>	
Land, buildings and equipment	\$1,665,848
Less accumulated depreciation	<u>1,083,885</u>
	<u>581,963</u>
	<u>\$635,408</u>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Current portion, long-term debt	<u>\$232,295</u>
Total current liabilities	232,295
<b>LONG-TERM LIABILITIES</b>	
Notes payable	\$ 370,165
Less current portion	<u>232,295</u>
	<u>137,870</u>
Total liabilities	370,165
<b>NET ASSETS</b>	
Unrestricted net assets	260,885
Temporarily restricted net assets	<u>4,358</u>
	<u>265,243</u>
	<u>\$635,408</u>

The accompanying notes are an integral part of this statement.

## Hamilton Township Volunteer Fire Company, Inc.

## STATEMENT OF ACTIVITIES

Year Ended December 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Support			
Donations	\$ 150	\$	\$ 150
Donated services	87,049		87,049
Fund raising	13,539	11,294	24,833
Special events	<u>32,733</u>		<u>32,733</u>
Total support	133,471	11,294	144,765
Revenue			
Pool fills	4,005		4,005
Fire fund	<u>134,599</u>		<u>134,599</u>
Total revenue	138,604		138,604
Other income			
Interest and other income	620	50	670
Gain on sale of equipment	<u>1,500</u>		<u>1,500</u>
	<u>2,120</u>	<u>50</u>	<u>2,170</u>
Total support and revenue	274,195	11,344	285,539
Net assets released from restrictions	<u>7,600</u>	<u>(7,600)</u>	
Total support, revenue and reclassifications	281,795	3,744	285,539
Expenses			
Program services	246,432		246,432
Fundraising	21,316		21,316
Management and general	<u>42,780</u>		<u>42,780</u>
	<u>310,528</u>		<u>310,528</u>
<b>CHANGE IN NET ASSETS</b>	(28,733)	3,744	(24,989)
Net assets at beginning of year	<u>289,618</u>	<u>614</u>	<u>290,232</u>
Net assets at end of year	<u>\$260,885</u>	<u>\$ 4,358</u>	<u>\$265,243</u>

The accompanying notes are an integral part of this statement.

## Hamilton Township Volunteer Fire Company, Inc.

## STATEMENT OF CASH FLOW

Year Ended December 31, 2007

Cash flow from operating activities:	
Change in net assets	\$(24,989)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	<u>76,567</u>
Net cash provided by operating activities	51,578
Cash flow from investing activities:	
Purchases of equipment and furniture	<u>(10,234)</u>
Net cash used in investing activities	(10,234)
Cash flow from financing activities:	
Repayment of long-term debt	<u>(47,091)</u>
Net cash used in financing activities	<u>(47,091)</u>
Decrease in cash	(5,747)
Cash at beginning of year	<u>59,192</u>
Cash at end of year	<u>\$53,445</u>

The accompanying notes are an integral part of this statement.

## Hamilton Township Volunteer Fire Company, Inc.

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2007

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Donated services	\$ 53,257	\$	\$33,792	\$ 87,049
Firefighter training	3,781			3,781
Fireman gear, clothing and vehicle	5,914			5,914
First Responder expense	1,518			1,518
Fuel	10,625			10,625
Fundraising		20,670		20,670
Address signs		646		646
Equipment repair	22,428			22,428
Insurance	14,340		4,780	19,120
Public education	100			100
Service charges	1,157			1,157
Station expense	17,188			17,188
Utilities	12,624		4,208	16,832
Depreciation expense	76,567			76,567
Interest expense	23,371			23,371
Equipment expense	<u>3,562</u>	<u>          </u>	<u>          </u>	<u>3,562</u>
	<u>\$246,432</u>	<u>\$21,316</u>	<u>\$42,780</u>	<u>\$310,528</u>

The accompanying notes are an integral part of this statement.

**Hamilton Township Volunteer Fire Company, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2007**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Nature of Activities

Hamilton Township Volunteer Fire Company, Inc. is a nonprofit volunteer fire fighting company in Hamilton Township in Delaware County, Indiana. The company provides fire fighting and fire prevention services to Hamilton Township and, if needed, to surrounding areas.

Hamilton Township Volunteer Fire Company, Inc. is a qualified nonprofit organization qualifying under Section 501(c)(4) of the Internal Revenue Code. As such, it is not liable for federal and state income taxes and no liability for such taxes appears in these statements.

2. Cash and Cash Equivalents

For purposes of the statement of cash flow, the company considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

3. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

4. Property, Building and Equipment

Buildings and equipment are valued at cost for items purchased and at fair market value at date of gift for items donated. Depreciation was computed on the straight-line and 200% declining balance methods over the estimated useful lives of the assets, generally as follows.

Equipment	5 to 7 years
Furniture and fixtures	7 to 10 years
Buildings	39 years

5. Revenue

Hamilton Township Volunteer Fire Company, Inc. receives substantially all of its grant and contract revenue from Hamilton Township tax revenue.

6. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions that are restricted by the donor are recorded as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets.

## Hamilton Township Volunteer Fire Company, Inc.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2007

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Contributed Services

During the year ended December 31, 2007, the value of contributed services meeting the requirements for recognition in the financial statements was estimated to be \$87,049. These services include the hours donated by trained firefighters and EMTs to respond to actual calls, and administrative hours.

8. 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.

## NOTE B - LONG-TERM LIABILITIES

Long-term liabilities consist of the following.

Note payable to Star Financial Bank requiring semi-annual payments of \$25,218 including interest at 5.35% per annum, secured by certain equipment, and maturing December 31, 2011.	\$179,163
Mortgage payable to Star Financial Bank requiring annual payments of \$19,164 including interest at 3.75% per annum, secured by certain real estate, and maturing December 25, 2008.	<u>191,002</u>
	370,165
Less current maturities	<u>232,295</u>
	<u>\$137,870</u>

Annual maturities for the next five years are as shown.

Year ending December 31, 2008	\$232,295
2009	43,558
2010	45,946
2011	48,366
2012	_____
	<u>\$370,165</u>

## NOTE C - INTEREST EXPENSE

Interest expense totaling \$23,371 was incurred and paid during the year ended December 31, 2007.

**Hamilton Township Volunteer Fire Company, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2007**

**NOTE D - OPERATING LEASE**

Hamilton Township Volunteer Fire Company, Inc. leases real estate from Delaware Community School Corporation for its fire station. It has a term of 99 years that commenced in 1974. The annual lease payment is \$1 per year of the lease.

**NOTE E - REVENUE**

Hamilton Township, Delaware County, Indiana, is a major source of revenue for the fire company. The township accounted for \$134,599, which represented 47% of the total revenue.

**NOTE F - COMMITMENTS AND CONTINGENCIES**

The company is subject to laws and regulations relating to the protection of the environment. The company's policy is to accrue environmental and cleanup-related costs of a noncapital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty the potential financial impact of the company's continuing compliance efforts, management believes any future remediation or other compliance-related costs will not have a material adverse effect on the financial condition or reported results of operations of the company.

SPECIAL REPORT



# Summers, Carroll, Whisler *LLC*

*Certified Public Accountants*

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

**Board of Directors  
Hamilton Township Volunteer Fire Company, Inc.**

We have audited the financial statements of Hamilton Township Volunteer Fire Company, Inc. as of and for the year ended December 31, 2007 and have issued our report thereon dated August 15, 2008. We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Hamilton Township Volunteer Fire Company, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance relating to a nongovernmental grant, which we have reported to management of Hamilton Township Volunteer Fire Company, Inc. in a separate letter dated August 15, 2008.

Internal Control over Financial Reporting

In planning and performing our audits, we considered Hamilton Township Volunteer Fire Company, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the board of directors, management, and the Indiana State Board of Accounts and should not be used by anyone other than these specified parties.

*Summers, Carroll, Whisler LLC*

Muncie, Indiana  
August 15, 2008