



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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October 13, 2011

Board of Directors
Palmyra Fire Company, Inc.
P.O. Box 336
Palmyra, IN 47164

We have reviewed the audit report prepared by Rodefer Moss & Co., PLLC, Independent Public Accountants, for the period July 1, 2007 to June 30, 2009. 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 Palmyra Fire Company, Inc., as of June 30, 2009 and 2008, and the results of its operations for the periods 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

PALMYRA FIRE COMPANY, INC.

Financial Statements

June 30, 2009 and 2008

PALMYRA FIRE COMPANY, INC.
Financial Statements
Years Ended June 30, 2009 and 2008

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Independent Auditors' Report

To the Officers and Directors
Palmyra Fire Company, Inc.

We have audited the accompanying statements of assets, liabilities and net assets – modified cash basis of Palmyra Fire Company, Inc. (a nonprofit organization) as of June 30, 2009 and 2008, and the related statements of support, revenues and expenses - modified cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. 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 required 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 principals used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were 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 Palmyra Fire Company, Inc. as of June 30, 2009 and 2008, and its net support, revenues and expenses for the years then ended, on the basis of accounting described in Note 1.

Rodefer Moss & Co, PLLC

Rodefer Moss & Co, PLLC
New Albany, Indiana
January 12, 2010

PALMYRA FIRE COMPANY, INC.
 Statements of Assets, Liabilities and Net Assets - Modified Cash Basis
 June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 112,918	\$ 79,267
Property and Equipment		
Land	1,000	1,000
Buildings and equipment	986,503	1,085,143
Office furniture and equipment	6,022	6,022
Truck equipment	64,732	64,732
Medical equipment	3,104	3,104
Personal safety equipment	16,082	32,251
Training equipment	<u>1,209</u>	<u>1,209</u>
	1,078,652	1,193,461
Less accumulated depreciation	<u>(947,914)</u>	<u>(1,073,487)</u>
Property and equipment, net	<u>130,738</u>	<u>119,974</u>
Total assets	<u>\$ 243,656</u>	<u>\$ 199,241</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 5,391	\$ 4,952
Note payable	<u>54,415</u>	<u>60,884</u>
Total liabilities	<u>59,806</u>	<u>65,836</u>
Net Assets		
Unrestricted	<u>183,850</u>	<u>133,405</u>
Total net assets	<u>183,850</u>	<u>133,405</u>
Total liabilities and net assets	<u>\$ 243,656</u>	<u>\$ 199,241</u>

See notes to financial statements.

PALMYRA FIRE COMPANY, INC.
 Statements of Support, Revenue, Expenses and Changes in Net Assets - Modified Cash Basis
 Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
UNRESTRICTED NET ASSETS		
Revenue, Gains and Other Support		
Fire district contract	\$ 129,650	\$ 104,000
In-kind contributions	32,000	73,633
Fish fry fundraiser	19,380	22,598
Insurance claim deposit	17,228	-
Cell tower income	9,700	10,100
Grants	5,153	2,271
Rental hall	1,257	105
Other miscellaneous income	3,208	3,390
Donations	223	220
Fire run revenue	-	8,000
Interest income	-	34
	<hr/>	<hr/>
Total revenue, gains and other support	217,799	224,351
Expenses		
Other repairs and maintenance	28,707	3,490
Fundraisers and public relations	27,340	33,405
Utilities and telephone	18,067	16,544
Truck repairs and maintenance	16,114	21,703
Depreciation	21,967	27,913
Insurance	13,474	13,146
Small equipment	9,879	2,458
Supplies	6,024	1,490
Uniforms and protective clothing	5,877	4,200
Interest expense	3,491	3,802
Internet	3,476	3,093
Fuel and oil	2,917	4,153
Inspections	2,758	2,159
Professional fees	2,152	2,806
Training	1,559	2,851
Medical	1,401	621
Meals and entertainment	1,050	735
Miscellaneous	668	2,985
Office supplies	330	912
Postage	96	88
Licenses and fees	7	168
Fish and game expenses	-	4,558
	<hr/>	<hr/>
Total expenses	167,354	153,280
Net change in unrestricted net assets	<hr/> 50,445	<hr/> 71,071
Net change in net assets	50,445	71,071
Net assets at the beginning of the year	<hr/> 133,405	<hr/> 62,334
Net assets at the end of the year	<u>\$ 183,850</u>	<u>\$ 133,405</u>

See notes to financial statements.

PALMYRA FIRE COMPANY, INC.
Notes to Financial Statements
June 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Activities - Palmyra Fire Company, Inc. ("Organization") is an Indiana nonprofit corporation serving parts of Harrison County. The Organization operates a staff of volunteer firefighters to fight fires, investigate fires, hold training seminars, and provide any other fire prevention services for the Morgan Township. The Organization has a contract with Palmyra Fire District to provide these services.

Basis of Accounting - The accounting records of the Organization are maintained using the modified cash basis method of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Modifications to the cash basis of accounting include the recording of property and equipment and related depreciation, as well as the recording of accounts payable and note payable.

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 primarily using 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.

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.

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.

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.

Basis of Presentation - The Organization is required to report 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. All of the Organization's net assets at June 30, 2009 and 2008 were unrestricted.

Contributed Services - During the years ended June 30, 2009 and 2008, 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.

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.

PALMYRA FIRE COMPANY, INC.
Notes to Financial Statements (Continued)

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2009</u>	<u>June 30</u>	<u>2008</u>
Buildings and equipment	\$ 986,503	\$	1,085,143
Truck equipment	64,732		64,732
Personal safety equipment	16,082		32,251
Office equipment and fixtures	6,022		6,022
Medical equipment	3,104		3,104
Training equipment	1,209		1,209
Land	<u>1,000</u>		<u>1,000</u>
Total property and equipment	1,078,652		1,193,461
Less: accumulated depreciation	<u>(947,914)</u>		<u>(1,073,487)</u>
Property and equipment, net	<u>\$ 130,738</u>	<u>\$</u>	<u>119,974</u>

NOTE 3 - NOTE PAYABLE

Note payable consists of the following:

<u>Lender</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Collateral</u>	<u>June 30</u>	
				<u>2009</u>	<u>2008</u>
FHB	5.75%	1/2/2013	Real Estate	\$ 54,415	\$ 60,884
Total				<u>\$ 54,415</u>	<u>\$ 60,884</u>

Maturities of Long-Term Debt are as follows:

<u>Years Ended June 30</u>	<u>2009</u>		<u>2008</u>
2009	\$ -	\$	6,469
2010	6,831		6,831
2011	7,224		7,224
2012	7,639		7,639
2013	8,079		8,079
Thereafter	<u>24,642</u>		<u>24,642</u>
	<u>\$ 54,415</u>	<u>\$</u>	<u>60,884</u>

NOTE 4 - ECONOMIC DEPENDENCY

The Organization is materially dependent on the Palmyra Fire District for its funding. The Organization received \$129,650 in cash funding from the district and \$32,000 in in-kind contributions for the year ended June 30, 2009, which constituted 74% of its total support. For the year ending June 30, 2008, the Organization received \$104,000 in cash funding from the district and \$73,633 in in-kind contributions, which constituted 79% of its total support