B49795

STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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

April 3, 2018

Board of Directors
Perry Township Volunteer Fire Department, Inc.
11 S. Williams Rd.
Evansville, IN 47712

We have reviewed the report prepared by Perry Township Volunteer Fire Department, Inc. and opined upon by Harding, Shymanski & Company, PSC, Independent Public Accountants, for the period January 1, 2015 to December 31, 2016. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Perry Township Volunteer Fire Department, Inc. as of December 31, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Harding, Shymanski & Company, PSC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

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

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

PERRY TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

A Not-for-Profit Organization

Financial Report

December 31, 2016

CONTENTS

Independent Auditor's Report	Page 2
Financial Statements:	
Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis	4
Statement of Revenues, Expenses, and Other Changes in Net Assets – Modified Cash Basis	5
Notes to Financial Statements – Modified Cash Basis	6
Supplementary Information:	
Schedule of Functional Expenses – Modified Cash Basis	11

HARDING, SHYMANSKI & COMPANY, P.S.C.

Certified Public Accountants and Consultants

21 S.E. Third Street, Suite 500
P.O. Box 3677
Evansville, IN 47735-3677

(812) 464-9161
Fax (812) 465-7811

545 S. Third Street, Suite 102
Louisville, KY 40202-1935

(502) 584-4142
Fax (502) 581-1653

www.hsccpa.com

An Independently Owned Member, RSM US Alliance

Board of Directors
Perry Township Volunteer Fire Department, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Perry Township Volunteer Fire Department, Inc., which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2016, the related statement of revenues, expenses, and other changes in net assets – modified cash basis for the 24-month period 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 the modified cash basis of accounting described in Note 1; 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.

Auditor's 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 audit 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 auditor's 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 auditor considers 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.

Evansville, IN ■ Louisville, KY

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the assets, liabilities, and net assets – modified cash basis of Perry Township Volunteer Fire Department, Inc. as of December 31, 2016, and the results of its revenues, expenses, and other changes in net assets – modified cash basis for the 24-month period then ended in accordance with the modified cash basis of accounting as described in Note 1.

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 modified 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 that matter.

Supplemental Information in Relation to Financial Statements as a Whole

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the modified cash basis of accounting as described in Note 1 of the financial statements. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Harding, Shymanski & Company, P.S.C.

Evansville, Indiana
May 12, 2017

PERRY TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
A Not-for-Profit Organization

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS
December 31, 2016

ASSETS	
Cash	**$ 518,452**
Property and Equipment, Net	**828,620**
	$ 1,347,072
LIABILITIES AND NET ASSETS	
Net Assets, Unrestricted	**$ 1,347,072**

See notes to financial statements.

PERRY TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
A Not-for-Profit Organization

STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS – MODIFIED CASH BASIS
24-Month Period Ended December 31, 2016

Changes in unrestricted net assets	
Revenue and other support	
Service contracts	**$ 562,010**
Contributions	**131,246**
Interest income	**593**
Other income	**41,149**
Total revenue and other support	**734,998**
Expenses	
Fire protection and emergency medical services	**702,684**
General and administrative	**35,228**
Fundraising	**3,078**
Total expenses	**740,990**
Decrease in unrestricted net assets	**(5,992)**
Net assets at beginning of period	**1,353,064**
Net assets at end of period	**$ 1,347,072**

See notes to financial statements.

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities

Perry Township Volunteer Fire Department, Inc. (Organization) is a Not-for-Profit Organization, which provides fire protection and emergency medical services to the residents of Perry and Union Townships of Vanderburgh County, Indiana. The Organization is funded through service contracts with Perry and Union Townships, charitable contributions, and miscellaneous service billings for services rendered.

Basis of Accounting

The Organization's policy is to prepare its financial statements on the modified cash basis of accounting, which includes recording of depreciation on long-lived assets and liabilities for the acquisition of long-lived assets. Under this basis, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when the related liability is incurred. Consequently, contributions receivable, accounts payable, and accrued expenses are not included in the financial statements. If an expenditure results in the acquisition of an asset having an estimated useful life, which extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated or amortized over the estimated useful life of the asset. The accompanying financial statements; therefore, do not reflect accrued income, accrued or prepaid expenses, nor the financial position and results of operations in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization presents its financial statements in conformance with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) guidance. The guidance establishes standards for external financial reporting by not-for-profit organizations. It requires that information regarding financial position and activities be reported into three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. These classes of net assets are based on the existence or absence of externally (donor) imposed restrictions or contributions.

Unrestricted net assets consist of contributions received without donor-imposed restrictions.

Temporarily restricted net assets consist of contributions received that are restricted by the donor for future periods or for a specific purpose.

Permanently restricted net assets consist of contributions received with donor-imposed restrictions that neither expire by the passage of time nor by meeting a purpose.

There were no temporarily or permanently restricted net assets at December 31, 2016.

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Support and Expenses

The Organization records service contracts and contributions when they are received. Funds restricted by donors, grantors, or other outside parties for specific operating purposes or asset acquisitions are recognized as revenue when received.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of revenues, expenses, and other changes in net assets – modified cash basis as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when paid in accordance with the modified cash basis of accounting.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash. At times, such cash in banks may be in excess of the Federal Deposit Insurance Corporation insurance limit.

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Contributed Services

The Organization uses trained volunteer firefighters and emergency medical technicians to provide all program services and most administrative functions, which are not recognized as contributions in the financial statements since the recognition criteria under the guidance were not met. As a volunteer fire department, the Organization would not otherwise hire employees to perform these services. Under FASB guidance, services are recognized as contributions when they (a) create or enhance non-financial assets or (b) require specialized skills performed by people whose skills would otherwise be purchased by the Organization. For the 24-month period ended December 31, 2016, there were no donated services recognized in the financial statements.

Property, Equipment, and Depreciation

Property and equipment are stated at cost. Provisions for depreciation of property and equipment have been computed on the straight-line method over the estimated useful life.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Functional Expenses

The costs of providing the various services have been summarized on a functional basis in the statement of revenues, expenses, and other changes in net assets – modified cash basis. Accordingly, certain costs have been allocated among the services and supporting services to which the expenditures relate.

Fundraising

Fundraising costs are expensed as incurred. Fundraising costs incurred for the 24-month period ended December 31, 2016 were $3,078.

Income Taxes

The Internal Revenue Service has ruled that the Organization is exempt from the payment of federal income tax (except on unrelated business income) under the provisions of Section 501(c)(3) of the Internal Revenue Code.

Management evaluated the Organization's uncertain tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements.

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events Evaluation

The Organization has evaluated subsequent events through May 12, 2017, the date on which the financial statements were available to be issued.

Recent Accounting Pronouncements

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions", and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-05 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Note 2 – Property and Equipment

Property and equipment at December 31, 2016 consisted of the following:

Building and grounds	$ 382,131
Common equipment	565,018
Fire equipment	316,013
Medical equipment	48,252
Office equipment	56,937
Software	4,242
Vehicles	2,383,609
	3,756,202
Accumulated depreciation	(2,927,582)
	$ 828,620

Depreciation expense for the 24-month period ended December 31, 2016 was $284,283.

Note 3 – Concentrations

Approximately 72 percent of the Organization's support for the 24-month period ended December 31, 2016 came from service contracts with the Perry Township Trustee. Voluntary contributions from a public higher education institution located in Perry Township constituted approximately 14 percent of the Organization's support.

Note 4 – Subsequent Events

In April 2017, the Organization purchased land and a building for $470,000 of which $410,000 was financed through a note payable. This site will be used as a fire station.

In March 2017, the Organization agreed to sell real estate owned by the Organization for $105,000.

In March 2017, the Organization agreed to sell land and a building which was a fire station for $52,000.

- - - SUPPLEMENTARY INFORMATION - - -

PERRY TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.
A Not-for-Profit Organization

SCHEDULE OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
December 31, 2016

Fire Protection and Emergency Medical Services	
Building and grounds	**$ 18,838**
Clothing	**10,042**
Contract services	**20,575**
Depreciation	**284,283**
Dues and subscriptions	**2,413**
Equipment repairs and maintenance	**71,862**
Fuel and oil	**26,831**
Insurance	**87,806**
Interest	**4,579**
Meals and entertainment	**3,331**
Medical director fees	**1,250**
Miscellaneous	**6,314**
Personnel	**2,484**
Public relations	**1,386**
Rewards program	**20,313**
Training	**6,846**
Truck repairs and maintenance	**94,571**
Utilities	**38,960**
	$ 702,684
General and Administrative	
Office expense	**$ 11,145**
Postage and delivery	**209**
Professional fees	**23,630**
Signs	**244**
	$ 35,228
Fundraising	
Newsletter	**$ 3,078**

See independent auditor's report.