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May 4, 2018

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

We have reviewed the report prepared by Monroe Township Volunteer Fire Department Inc. and opined upon by J Rorrer & Co., PC, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Monroe 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, J Rorrer & Co., PC 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, CPA
State Examiner

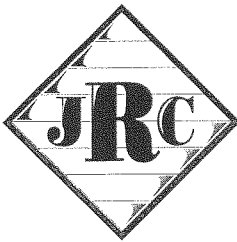
**Monroe Township Volunteer Fire
Department Inc**

Audited Financial Statements

**For the Year Then Ended
December 31, 2016**

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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 AUDITORS' REPORT

To the Board
Monroe Township Volunteer Fire Department Inc

We have audited the accompanying financial statements of Monroe Township Volunteer Fire Department Inc (a nonprofit corporation), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2016, 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, 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 as described in Note 2; this includes determining that the modified 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.

Auditors' Responsibility

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 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 auditors' 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.

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Opinion

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, 2016 and its revenue, expenses, and other changes in net assets for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 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.



J Rorrer & Co., P.C.
Certified Public Accountants
Sellersburg, Indiana

September 21, 2017

Monroe Township Volunteer Fire Department Inc
Statement of Assets, Liabilities, and Net Assets
Modified Cash Basis
December 31, 2016

ASSETS

Current Assets:

Cash and cash equivalents	\$342,653
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Total current assets	342,653
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Property and Equipment:

Land	29,275
Buildings	1,193,928
Vehicles	449,867
Fire fighting equipment	811,774
Office	66,899
Less accumulated depreciation	(1,597,147)

Total property and equipment	954,596
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Total assets	\$1,297,249
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LIABILITIES AND NET ASSETS

Current Liabilities:

Current portion long-term debt	38,060
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Total current liabilities	38,060
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Long-Term Liabilities:

Long-term debt	80,025
Less current portion	(38,060)

Total long-term liabilities	41,965
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Total liabilities	80,025
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Net Assets:

Temporarily restricted	0
Unrestricted	1,217,224

Total net assets	1,217,224
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Total liabilities and net assets	\$1,297,249
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See accompanying notes and independent auditors' report.

Monroe Township Volunteer Fire Department Inc
Statement of Revenue and Expenses and Changes in Net Assets
Modified Cash Basis
For the Year Then Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Revenue:			
Contract income	\$273,113	\$0	\$273,113
Miscellaneous Income	757	0	757
Insurance claims	5,858	0	5,858
Grant	0	0	0
Crusade for children	37,134	0	37,134
Timber Sales	2,402	0	2,402
Net assets released from restrictions	<u>0</u>	<u>0</u>	<u>0</u>
Total revenue	<u>319,264</u>	<u>0</u>	<u>319,264</u>
Expenses:			
Accounting	12,553	0	12,553
Advertising	1,824	0	1,824
Bank charges	30	0	30
Building maintenance	7,932	0	7,932
Clothing allowance	27,530	0	27,530
Communication radio	5,623	0	5,623
Contract labor	8,150	0	8,150
Contribution and fund raising expense	36,347	0	36,347
Depreciation	114,471	0	114,471
Dues and subscriptions	1,030	0	1,030
Fuel	4,189	0	4,189
Interest on loans	6,816	0	6,816
Insurance	20,960	0	20,960
Miscellaneous expense	1,934	0	1,934
Office expense	5,543	0	5,543
Personal turnout gear	2,234	0	2,234
Meals	2,889	0	2,889
Small equipment and repairs	7,425	0	7,425
Supplies	1,839	0	1,839
Training	1,773	0	1,773
Truck expense	7,855	0	7,855
Uniforms	1,341	0	1,341
Utilities	<u>19,044</u>	<u>0</u>	<u>19,044</u>
Total expenses	<u>299,332</u>	<u>0</u>	<u>299,332</u>
Other Income and (Expense):			
Interest income	234	0	234
Rental income	7,150	0	7,150
Rental expense	(1,585)	0	(1,585)
Gain/(loss) on sale of equipment	<u>0</u>	<u>0</u>	<u>0</u>
Total other income and expenses	<u>5,799</u>	<u>0</u>	<u>5,799</u>
Changes in net assets	<u>25,731</u>	<u>0</u>	<u>25,731</u>
Net assets, beginning of year	<u>1,191,493</u>	<u>0</u>	<u>1,191,493</u>
Net assets, end of year	<u>\$1,217,224</u>	<u>\$0</u>	<u>\$1,217,224</u>

See accompanying notes and independent auditors' report.

Monroe Township Volunteer Fire Department Inc
Statement of Cash Flows
Modified Cash Basis
For the Year Then Ended December 31, 2016

Operating activities:

Changes in net assets	\$25,731
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	115,445
Gain on sale of equipment	<u>0</u>

Net cash provided by operating activities 141,176

Investing activities:

Purchase of equipment	(35,031)
Sale of equipment	<u>0</u>

Net cash used in investing activities (35,031)

Financing activities:

Long-term debt proceeds	0
Long-term debt (payments)	<u>(42,095)</u>

Net cash used in financing activities (42,095)

Net increase (decrease) in cash and cash equivalents 64,050

Beginning cash and cash equivalents 278,603

Ending cash and cash equivalents \$342,653

Supplemental disclosure:

Interest paid	<u><u>\$6,816</u></u>
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Monroe Township Volunteer Fire Department Inc
Notes to the Financial Statements
December 31, 2016

Note 1 – Nature of Organization and Operations:

Nature of Activities:

Monroe Township Volunteer Fire Department Inc (a nonprofit corporation) operates trained volunteers to fight fires, maintain fire fighting equipment, and otherwise provide fire protection and fire prevention services for Monroe Township in Clark County, Indiana.

Note 2 – Summary of Significant Accounting Policies:

Basis of Presentation:

The Organization 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. The modifications to the cash basis of accounting are capitalization of property and equipment and recording of long-term debt obligations.

Estimates:

The preparation of financial statements in conformity with 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.

Cash and Cash Equivalents:

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

Property and Equipment:

It is the Organization's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Property and equipment are stated at cost. Depreciation is computed using the straight-line method for financial reporting purposes over periods ranging from 3 to 40 years. 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. Depreciation expense for 2016 is \$115,445.

Revenue:

The Organization has an annual contract with the Monroe Township Fire Protection District of Clark County, Indiana. They receive funds twice a year from the District. In the event the tax revenues are less than anticipated, the Organization 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. There have been no temporary or permanent restrictions placed on balances as of December 31, 2016.

Monroe Township Volunteer Fire Department Inc
Notes to the Financial Statements
December 31, 2016

Income Taxes:

The Organization is a nonprofit corporation that is 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.

The Organization's last three years of tax returns remain subject to examination by the IRS. The Organization does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Subsequent Event:

The Organization has evaluated subsequent events through September 21, 2017, the date which the financial statements were available to be issued.

Note 3 – Cash:

Unrestricted Cash consists of five accounts. One main operating account is used for receipts and disbursements. Separate accounts are used for rental property, short term savings, insurance, and fund raising activities. The balance of unrestricted cash as of December 31, 2016 is \$342,653.

Note 4 – Long-Term Notes Payable:

Long-term notes payable at December 31, 2016 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.	25,427
Note payable to New Washington State Bank with monthly payments of \$1,721 bearing interest at 5.5% and collateral of real estate located at 805 Henryville Blue Lick Road.	<u>54,598</u>
Total	<u>80,025</u>
Less current portion	<u>38,060</u>
	<u>\$41,965</u>

Maturities of long term debt are as follows:

2017	38,060
2018	24,656
2019	17,309
2020	0
Thereafter	0
	<u>\$80,025</u>

Monroe Township Volunteer Fire Department Inc
Notes to the Financial Statements
December 31, 2016

Note 6 – Leases:

The Organization subleases two vehicles, engine #2024 and engine #2022, from the Monroe Township Fire Protection District of Clark County, Indiana for the sum of \$1 per year plus the Organization 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 Organization 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 – Concentration of Credit Risk and Economic Dependence:

The Organization maintains its cash at a financial institution located in Charlestown, Indiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. During the year, the Organization's cash balance may be in excess of federally insured limits.

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

Note 9 – Functional Expense:

The Organization reports its expenses by natural classification in the statement of revenues and expenses and changes in net assets – modified cash basis. By function, costs were incurred as follows:

Fire protection service	\$ 235,961
Administrative	27,024
Fund raising	36,347
Rental	1,585
	<hr/>
	\$ 300,917