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July 31, 2019

Board of Directors
Black Township Fire & Rescue
5775 Industrial Road
Mount Vernon, IN 47620

We have reviewed the audit report of Black Township Fire & Rescue, Inc. which was opined upon by Timothy J. Otte CPA, PC, Independent Public Accountants, for the period January 1, 2015 to December 31, 2017. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Black Township Fire & Rescue, Inc. as of December 31, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Timothy J. Otte CPA, PC prepared the audit report in accordance with 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

BLACK TOWNSHIP FIRE AND RESCUE, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2017, 2016 AND 2015

Black Township Fire & Rescue, Inc.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Black Township Fire and Rescue, Inc.

We have audited the accompanying financial statements of Black Township Fire and Rescue, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets-modified cash basis as of December 31, 2017, 2016 and 2015, and the related statements of support, revenue, and expenses- modified cash basis, and statements of functional expenses-modified cash basis for the years 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 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.

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 of material misstatement.

An audit involves performing procedures to obtain 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 qualified audit opinion.

Basis for Qualified Opinion

No accounting controls were exercised over the use of credit cards with regard to documentation substantiating the transactions that incurred from 2015-2017. We were unable to obtain sufficient appropriate audit evidence about credit card transactions.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraphs, the financial statements referred to the first paragraph present fairly, in all material respects, the assets, liabilities, and net assets of Black Township Fire and Rescue, Inc., as of December 31, 2017, 2016 and 2015, and the support, revenue and expenses, and functional expenses for the years then ended, on the basis of accounting 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 this matter.



Evansville, Indiana
February 10, 2019

Black Township Fire & Rescue, Inc.
Statements of Assets, Liabilities and Net Assets-
Modified Cash Basis
December 31, 2017, 2016 and 2015

ASSETS

	2017	2016	2015
Current Assets			
Cash and Cash Equivalents	\$ 284,544	\$ 467,097	\$ 307,620
Accounts Receivable- Poseyville Fire Dept.	-	-	2,739
Total Current Assets	<u>284,544</u>	<u>467,097</u>	<u>310,359</u>
Property and Equipment			
Land	3,750	3,750	3,750
Vehicles	418,998	365,844	255,083
Equipment	199,319	199,319	193,930
Less: Accumulated Depreciation	(249,989)	(423,213)	(407,422)
Total Property and Equipment	<u>372,077</u>	<u>145,701</u>	<u>45,340</u>
 Total Assets	 <u>\$ 656,621</u>	 <u>\$ 612,798</u>	 <u>\$ 355,699</u>

LIABILITIES AND NET ASSETS

Current Liabilities			
Payroll Liabilities	\$ 4,443	\$ -	\$ -
Current Portion of Long-Term Debt	22,350	21,368	4,639
Total Current Liabilities	<u>26,793</u>	<u>21,368</u>	<u>4,639</u>
 Long Term Debt	 <u>190,842</u>	 <u>213,193</u>	 <u>-</u>
 Net Assets			
Unrestricted	<u>438,985</u>	<u>378,237</u>	<u>351,060</u>
 Total Net Assets	 <u>\$ 656,621</u>	 <u>\$ 612,798</u>	 <u>\$ 355,699</u>

See notes to financial statements

Black Township Fire & Rescue, Inc.
Statements of Support, Revenue and Expenses-
Modified Cash Basis
For the Years Ended December 31, 2017, 2016 and 2015

	2017	2016	2015
PUBLIC SUPPORT			
Contributions	\$ 4,604	\$ 800	\$ 14,301
GRANTS FROM GOVERNMENTAL AGENCIES	257,390	212,030	311,680
OTHER REVENUE			
Interest Income	271	454	150
Run Charges	2,522	3,225	1,525
Miscellaneous	10	733	-
Gain on Sale of Assets	45,000	-	-
Total Other Revenue	<u>47,804</u>	<u>4,412</u>	<u>1,675</u>
Total Support and Revenue	<u>309,798</u>	<u>217,242</u>	<u>327,655</u>
FUNCTIONAL EXPENSES			
Program Services	228,493	169,097	181,807
Administrative	20,557	20,968	19,928
Total Functional Expenses	<u>249,050</u>	<u>190,065</u>	<u>201,735</u>
CHANGE IN NET ASSETS	60,748	27,177	125,920
NET ASSETS- beginning of the year	<u>378,237</u>	<u>351,060</u>	<u>225,140</u>
NET ASSETS- end of year	<u><u>\$ 438,985</u></u>	<u><u>\$ 378,237</u></u>	<u><u>\$ 351,060</u></u>

See notes to financial statements

Black Township Fire & Rescue, Inc.
Statements of Functional Expenses-
Modified Cash Basis
For the Years Ended December 31, 2017, 2016 and 2015

	2017	2016	2015
ADMINISTRATIVE			
Accounting	\$ 6,425	\$ 5,895	\$ 6,385
Awards Dinner	3,961	6,000	4,226
Dues	590	590	600
Meals	2,355	2,393	3,193
Miscellaneous	6,102	4,984	4,796
Office Supplies	1,123	1,106	728
Total Administrative	<u>20,557</u>	<u>20,968</u>	<u>19,928</u>
PROGRAM SERVICES			
Communications Equip./Maint.	(1,145)	6,430	5,207
Contract Labor	12,751	-	-
Depreciation	21,037	15,790	20,476
Firefighting Expenses	31,742	26,254	31,569
Fuel	5,659	5,177	8,691
Incentives	8,006	7,075	7,755
Insurance	30,903	28,324	24,044
Interest	9,263	7,657	447
Ladder Testing	-	1,205	1,035
Medical Director/Expenses	1,097	2,000	-
Medical Equip./Supplies	4,612	5,401	3,122
Miscellaneous	3,916	1,839	2,035
Payroll & Taxes	21,657	-	-
Professional Fees	-	3,500	-
Public Education	2,692	1,321	2,876
Reimbursable Expenses	8,855	9	14,638
Repairs and Maintenance- Bldg.	19,200	14,772	12,694
Repairs and Maintenance- Vehicles	25,293	18,946	15,878
Rescue Boat	2,059	1,953	899
Rope Rescue	-	1,238	610
Station Supplies	177	1,491	495
Telephone	7,175	6,788	6,142
Training	817	619	9,825
Utilities	12,726	11,307	13,371
Total Program Services	<u>228,493</u>	<u>169,097</u>	<u>181,807</u>
	<u>\$ 249,050</u>	<u>\$ 190,065</u>	<u>\$ 201,735</u>

See notes to financial statements

Black Township Fire and Rescue, Inc.
Notes to Financial Statements
December 31, 2017, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Organization's purpose is to provide fire protection and aid in other emergencies for persons and property in the area of Black Township & southern half of Lynn Township to aid other agencies on a mutual aid basis during times of need, with priority in Black Township and southern half of Lynn Township. The Organization, located in Mt. Vernon, Indiana, is supported primarily through allocations from the trustee of Black Township.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. This basis differs from generally accepted accounting principles since it requires revenues and their related assets to be recorded when received rather than when earned and expenses and their related liabilities to be recorded when paid rather than when incurred, except for capitalizing and depreciating purchases of property and equipment.

Financial Statement Presentation

The Organization complies with FASB Accounting Standards Codification 958, *Not-For-Profit Entities*. Under FASB ASC 958, the organization is required to report information regarding its assets, liabilities, net assets, revenues and expenses according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Income Taxes

Black Township Fire and Rescue, Inc. is a nonprofit organization exempt from federal, state and local income taxes under section 501(c)(3) of the United States Internal Revenue Code.

Uncertain Tax Positions

Management has determined that the company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the company's tax returns will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, federal, state, and local authorities may examine the company's tax returns for three years from the filing date, and the current and prior three years remain subject to examination as of December 31, 2017.

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.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all investments with a maturity of three months or less at the date of purchase to be cash equivalents.

Black Township Fire and Rescue, Inc.
Notes to Financial Statements
December 31, 2017, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Property and Equipment

Property and equipment are carried at cost. Expenditures for replacements are capitalized and replaced items are retired. Maintenance and repairs are charged to operations as incurred. Donations of property and equipment are recorded as support at their estimated fair market value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. The Organization reports expirations of donor restrictions when the acquired assets are placed in service. At that time, temporarily restricted net assets are reclassified to unrestricted net assets. Provisions for depreciation of property and equipment are computed on the straight-line method based on their estimated useful lives. Upon disposition, the cost and accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in operations for the period.

The Organization leases its fire station building and firefighting vehicles from Black Township for ten dollars per year. The lease agreements are renewed each year with no ownership transferred, or options to buy.

Contributions

In Accordance with FASB ASC 958 contributions received are recorded as unrestricted, temporarily unrestricted or permanently restricted support depending on the existence or nature of any donor restrictions.

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 to unrestricted net assets and reported in the statement of Support, Revenue, and Expenses as net assets released from restrictions.

The volunteer firefighters contribute significant amounts of their time providing firefighting and emergency response services. Also, the Organization uses fire trucks and equipment that are owned by Black Township. The value of these services and use of the fire trucks and equipment has not been recorded in the financial statements.

NOTE 2 – FUNCTIONAL EXPENSES

The costs of providing services have been summarized on a functional basis in the statement of support, revenue, and expenses. Expenses have been classified based on actual direct expenditures.

Black Township Fire & Rescue, Inc.
Notes to Financial Statements
December 31, 2017, 2016 and 2015

NOTE 3 - LONG TERM DEBT

	2017	2016	2015
3.990% note payable to a bank, payable in monthly installments of \$782, maturing June 21, 2016, secured by equipment	\$ -	\$ -	\$ 4,639
3.990%, note payable to a bank, payable in monthly installments of \$2,537, maturing March 17, 2026, secured under Government Equipment Loans	<u>213,193</u>	<u>234,561</u>	<u>-</u>
	213,193	234,561	4,639
Less: Current portion of long-term debt	<u>(22,350)</u>	<u>(21,368)</u>	<u>(4,639)</u>
Total Long-term debt	<u><u>\$ 190,842</u></u>	<u><u>\$ 213,193</u></u>	<u><u>\$ -</u></u>

Maturities of long-term debt for the next five years and thereafter are as follows:

2018	\$ 22,350
2019	23,259
2020	24,204
2021	25,187
2022	26,211
Thereafter	<u>91,982</u>
	<u><u>\$ 213,193</u></u>

NOTE 4- SCHEDULE OF FEDERAL, STATE AND LOCAL AWARDS

	2017	2016	2015
Black Township	\$ 240,000	\$ 200,000	\$ 300,000
Lynn Township	12,390	12,030	11,680
IN Department of Natural Resources (Federal)	<u>5,000</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 257,390</u></u>	<u><u>\$ 212,030</u></u>	<u><u>\$ 311,680</u></u>

Black Township Fire and Rescue, Inc.
Notes to Financial Statements
December 31, 2017, 2016 and 2015

NOTE 5 – CONTINGENCY

Black Township Fire and Rescue, Inc. receive a significant portion of its funds from the trustee of Black Township. In the event the Organization defaults in their performance according to the agreement, the trustee may terminate the agreement and exercise its right to retain the firefighting equipment in order to continue fire protection in the jurisdiction.

Black Township Fire and Rescue, Inc. is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, and injuries to the volunteer firemen. The Organization carries commercial insurance in amount sufficient to insure itself against claims resulting from any of these risks.

NOTE 6 – CONCENTRATIONS

The Organization maintains its cash balances at one financial institution located in Mt. Vernon, Indiana. Cash in banks maintained in non-interest bearing accounts are fully insured through December 31, 2017, and interest bearing accounts were insured up to \$250,000 by the Federal Deposit Corporation. As of December 31, 2017, 2016 and 2015, the company's total uninsured balance was \$34,444, 216,997 and \$147,520, respectively.

The Organization received 77%, 92% and 92% of its support from the trustee of Black Township for the years ended December 31, 2017, 2016 and 2015, respectively.

NOTE 7– SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions through February 10, 2019, the date the financial statements were available to be issued. There were no subsequent events that require recognition in the financial statements.