



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B53370

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](http://www.in.gov/sboa)

September 19, 2019

Board of Directors  
New Washington Volunteer Fire Department, Inc.  
P.O. Box 159  
New Washington, IN 47162

We have reviewed the audit report of New Washington Volunteer Fire Department, Inc. which was opined upon by J Rorrer & Co., P.C., Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of New Washington Volunteer Fire Department, 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, J Rorrer & Co., P.C. 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.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA  
State Examiner

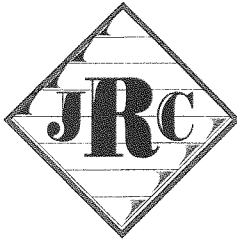
**New Washington Volunteer Fire  
Department Inc**

**Audited Financial Statements**

**For the Year Then Ended  
December 31, 2017**

## **Table of Contents**

Independent Auditors' Report	i
Basic Financial Statements	
Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis	1
Statement of Revenue and Expenses and Changes in Net Assets – Modified Cash Basis	2
Statement of Cash Flows – Modified Cash Basis	3
Notes to the Financial Statements	4-6



**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  
New Washington Volunteer Fire Department Inc

We have audited the accompanying financial statements of New Washington Volunteer Fire Department Inc (a nonprofit corporation), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2017, 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 auditor's judgment, including the assessment of the risk 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.

---

324 Hunter Station Road • Sellersburg, IN 47172 • Phone: (812) 246-4222 • Fax: (812) 246-2014

952 Market Street • Charlestown, IN 47111 • Phone: (812) 256-7907 • Fax: (812) 256-7908

[www.jrorrercocpa.com](http://www.jrorrercocpa.com)

*Julie R. Rorrer, CPA*  
[julie@jrorrercocpa.com](mailto:julie@jrorrercocpa.com)

*Claudia S. Brengman, CPA*  
[claudia@jrorrercocpa.com](mailto:claudia@jrorrercocpa.com)

*Jennifer K. Whalen, CPA*  
[jennifer@jrorrercocpa.com](mailto:jennifer@jrorrercocpa.com)

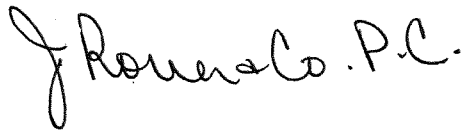
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of New Washington Volunteer Fire Department Inc as of December 31, 2017 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 this matter.



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

September 28, 2018

**New Washington Volunteer Fire Department Inc**  
**Statement of Assets, Liabilities, and Net Assets**  
**Modified Cash Basis**  
**December 31, 2017**

**ASSETS**

**Current Assets:**

Cash and cash equivalents	\$153,959
---------------------------	-----------

<b>Total current assets</b>	<b>153,959</b>
-----------------------------	----------------

**Property and Equipment:**

Land	5,000
Buildings	618,896
Vehicles	932,690
Fire fighting equipment	660,802
Picnic Area	37,544
Office	52,092
Less accumulated depreciation	(1,538,962)

<b>Total property and equipment</b>	<b>768,062</b>
-------------------------------------	----------------

<b>Total assets</b>	<b>\$922,021</b>
---------------------	------------------

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Current portion long-term debt	64,249
--------------------------------	--------

<b>Total current liabilities</b>	<b>64,249</b>
----------------------------------	---------------

**Long-Term Liabilities:**

Long-term debt	427,618
Less current portion	(64,249)

<b>Total long-term liabilities</b>	<b>363,369</b>
------------------------------------	----------------

<b>Total liabilities</b>	<b>427,618</b>
--------------------------	----------------

**Net Assets:**

Temporarily restricted	10,965
Unrestricted	483,438

<b>Total net assets</b>	<b>494,403</b>
-------------------------	----------------

<b>Total liabilities and net assets</b>	<b>\$922,021</b>
---	------------------

See accompanying notes and independent auditors' report.

**New Washington Volunteer Fire Department Inc**  
**Statement of Revenue and Expenses and Changes in Net Assets**  
**Modified Cash Basis**  
**For the Year Then Ended December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<b>Revenue:</b>			
Contract income	\$225,695	\$5,000	\$230,695
Miscellaneous income	3,556	0	3,556
Insurance claims	0	0	0
Fundraising income	24,903	0	24,903
EMS income	9,981	0	9,981
Crusade for children	27,611	0	27,611
Net assets released from restrictions	0	0	0
<b>Total revenue</b>	<u>291,746</u>	<u>5,000</u>	<u>296,746</u>
<b>Expenses:</b>			
Accounting	8,516	0	8,516
Advertising	490	0	490
Clothing allowance	10,194	0	10,194
Contribution crusade	27,648	0	27,648
Depreciation	156,836	0	156,836
Dues and subscriptions	150	0	150
EMS expense	3,843	0	3,843
Fuel	5,897	0	5,897
Fundraising expense	1,126	0	1,126
Insurance	27,729	0	27,729
License and permits	0	0	0
Miscellaneous expense	545	0	545
Office expense	701	0	701
Picnic expense	13,576	0	13,576
Meals	9,884	0	9,884
Station one	14,495	0	14,495
Station two	1,738	0	1,738
Small equipment and repairs	2,988	0	2,988
Supplies	2,389	0	2,389
Training	742	0	742
Truck expense	31,416	0	31,416
Uniforms	244	0	244
<b>Total expenses</b>	<u>321,147</u>	<u>0</u>	<u>321,147</u>
<b>Other Income and (Expense):</b>			
Interest income	43	12	55
Gain and loss on sale of assets	3,399	0	3,399
Interest expense	(22,203)	0	(22,203)
Penalties and late charges	(31)	0	(31)
<b>Total other income and expenses</b>	<u>(18,792)</u>	<u>12</u>	<u>(18,780)</u>
<b>Changes in net assets</b>	<u>(48,193)</u>	<u>5,012</u>	<u>(43,181)</u>
<b>Net assets, beginning of year</b>	<u>531,631</u>	<u>5,953</u>	<u>537,584</u>
<b>Net assets, end of year</b>	<u>\$483,438</u>	<u>\$10,965</u>	<u>\$494,403</u>

See accompanying notes and independent auditors' report.

**New Washington Volunteer Fire Department Inc**  
**Statement of Cash Flows**  
**Modified Cash Basis**  
**For the Year Then Ended December 31, 2017**

**Operating activities:**

Cash received from contract and local support	\$283,209
Cash received from services receipts	13,537
Interest income	55
Interest paid	(22,203)
Cash paid to employees and suppliers	<u>(164,342)</u>

**Net cash provided by operating activities** 110,256

**Investing activities:**

Proceeds from sale of property and equipment	6,000
Purchase of property and equipment	<u>(86,126)</u>

**Net cash used in investing activities** (80,126)

**Financing activities:**

Proceeds from long-term debt	0
Payments on long-term debt	<u>(48,764)</u>

**Net cash used in financing activities** (48,764)

**Net increase (decrease) in cash and cash equivalents** (18,634)

**Beginning cash and cash equivalents** 172,593

**Ending cash and cash equivalents** \$153,959

See accompanying notes and independent auditors' report.

Note 1 – Nature of Organization and Operations:

New Washington Volunteer Fire Department Inc (a nonprofit corporation) operates trained volunteers to fight fires, maintain firefighting equipment, and otherwise provide fire protection and fire prevention services for Washington Township, Bethlehem Township, and Owen Township, all 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, and accrued income and expenses are not included in these financial statements. 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 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 financial statement purposes, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Property and Equipment:

Property and equipment is stated at cost or, if donated, at the approximate fair market value at the date of the donation. Depreciation is recorded using primarily the straight line method over the estimated useful lives of the asset to a specific purpose. Depreciation expense for 2017 is \$156,836.

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.

Advertising:

The Organization uses advertising to promote its programs. The cost of advertising is expensed as incurred. Advertising cost for 2017 is \$490.

Revenue:

The Organization has an annual contract with the New Washington Fire Protection District of Clark County, Indiana whereby they receive funds twice a year from the District as collected by the District. In the event the tax revenues of the District are less than anticipated, then the Organization shall be paid an amount less than the contract amount.

New Washington Volunteer Fire Department Inc  
Notes to the Financial Statements  
December 31, 2017

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, 2017.

Income Taxes:

The Organization 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 Events:

The Organization has evaluated subsequent events through September 28, 2018, the date which the financial statements were available to be issued.

Note 3 – Cash:

Cash consists of six bank accounts. One main operating account is used for receipts and disbursements. Separate accounts are used for insurance, EMS income, vending, and fundraising activities. The balance of unrestricted cash as of December 31, 2017 is \$142,994. One account is restricted by the Fire District for emergency capital expenditures and replacement of firefighting equipment. The Organization is to deposit \$2,500 into the account from each revenue payment. The balance in the restricted account is \$10,965.

Note 4 – Long-Term Notes Payable:

Long-term notes payable at December 31, 2017 consisted of the following:

Note payable to New Washington State Bank with semi annual payments of \$13,391, bearing interest at 6.0%, and collateralized by real estate. Matures July 2019.	\$50,668
--	----------

Note payable to New Washington State Bank with semi annual payments of \$22,088, bearing interest at 4.5%, and collateralized by vehicles. Matures January 2029.	<u>376,950</u>
--	----------------

Total	<u>427,618</u>
-------	----------------

Less current portion	<u>64,249</u>
----------------------	---------------

	<u>\$363,369</u>
--	------------------

New Washington Volunteer Fire Department Inc  
 Notes to the Financial Statements  
 December 31, 2017

Expected maturities of long-term debt as of December 31, 2017 are as follows:

2018	\$64,249
2019	42,697
2020	30,074
2021	31,442
2022	32,873
Thereafter	226,283
	<u>\$427,618</u>

Note 5 – 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 tasks that assist the Organization. The Organization could not operate if they did not have volunteers.

Note 6 – Concentration of Credit Risk and Economic Dependence:

The Organization maintains its cash at a financial institution located in New Washington, 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 entered into a contract with the, New Washington Fire Protection District of Clark County, Indiana. Under the contract, the Organization will provide fire protection services in exchange for funding from New Washington Fire Protection District of Clark County, Indiana. The Organization is materially dependent on the Fire Protection District for its funding. For the year ended December 31, 2017 the Organization received 77 percent of its revenue from the New Washington Fire Protection District of Clark County, Indiana.

Note 7 – 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 for the years ended December 31, 2017 as follows:

Fire protection service	\$280,580
Administrative	12,995
Fundraising	42,564
EMS	3,843
	<u>\$339,982</u>