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September 19, 2019

Board of Directors
Sellersburg Volunteer Fire Department, Inc.
426 E. Utica St.
Sellersburg, IN 47172

We have reviewed the audit report of Sellersburg Volunteer Fire Department, Inc. which was opined upon by Rodefer Moss & Co, PLLC, Independent Public Accountants, for the period April 1, 2018 to March 31, 2019. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Sellersburg Volunteer Fire Department, Inc. as of March 31, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Rodefer Moss & Co, PLLC 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

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.

Financial Statements

March 31, 2019 and 2018

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Financial Statements
March 31, 2019 and 2018

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Independent Auditors' Report

To the Officers and Directors
Sellersburg Volunteer Fire Department, Inc.

We have audited the accompanying financial statements of Sellersburg Volunteer Fire Department, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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 accounting principles generally accepted in the United States of America; 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.

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 auditors consider 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sellersburg Volunteer Fire Department, Inc. as of March 31, 2019, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Sellersburg Volunteer Fire Department, Inc.'s financial statements as of March 31, 2018, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 29, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rodefer Moss & Co, PLLC

Rodefer Moss & Co, PLLC
New Albany, Indiana
August 2, 2019

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
 Statements of Financial Position
 March 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 543,864	\$ 787,043
Accounts receivable	13,497	4,517
Prepaid expenses	12,667	12,102
Investments	1,734,120	1,571,861
Property and equipment, net	2,303,932	1,657,494
Total assets	\$ 4,608,080	\$ 4,033,017
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 14,510	\$ 13,476
Accrued expenses	12,823	10,465
Accrued interest	31,934	6,109
Notes payable	681,202	523,055
Total liabilities	740,469	553,105
Net Assets		
Without donor restrictions		
Undesignated	1,979,229	1,158,234
Board designated	1,777,096	1,755,166
Total without donor restrictions	3,756,325	2,913,400
With donor restrictions		
	111,286	566,512
Total net assets	3,867,611	3,479,912
Total liabilities and net assets	\$ 4,608,080	\$ 4,033,017

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended March 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support			
Contract services	\$ 1,533,874	\$ -	\$ 1,533,874
Gain on disposal of property and equipment	263,747	-	263,747
In-kind contributions	79,466	103,184	182,650
Other	28,173	-	28,173
Investment income (loss), net	26,011	-	26,011
Rent	6,006	-	6,006
Fire/Haz Mat runs	4,950	-	4,950
	1,942,227	103,184	2,045,411
Net assets released from restrictions	558,410	(558,410)	-
Total revenue, gains, and other support	2,500,637	(455,226)	2,045,411
Expenses			
Program Services	1,585,586	-	1,585,586
Management and General	66,471	-	66,471
Fundraising	5,655	-	5,655
	1,657,712	-	1,657,712
Change in net assets	842,925	(455,226)	387,699
Net assets at beginning of year	2,913,400	566,512	3,479,912
Net assets at end of year	\$ 3,756,325	\$ 111,286	\$ 3,867,611

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended March 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support			
Contract services	\$ 1,473,916	\$ -	\$ 1,473,916
Gain on disposal of property and equipment	11,595	-	11,595
In-kind contributions	78,664	145,500	224,164
Other	2,298		2,298
Investment income (loss), net	95,509	-	95,509
Rent	6,006	-	6,006
Fire/Haz Mat runs	18,368	-	18,368
	1,686,356	145,500	1,831,856
Net assets released from restrictions	75,033	(75,033)	-
Total revenue, gains, and other support	1,761,389	70,467	1,831,856
Expenses			
Program Services	1,416,952	-	1,416,952
Management and General	65,136	-	65,136
Fundraising	4,345	-	4,345
Total expenses	1,486,433	-	1,486,433
Change in net assets	274,956	70,467	345,423
Net assets at beginning of year	2,638,444	496,045	3,134,489
Net assets at end of year	\$ 2,913,400	\$ 566,512	\$ 3,479,912

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.

Statement of Functional Expenses
 For the Year Ended March 31, 2019
 (With Comparative Totals for 2018)

	<u>2019</u>			Total	<u>2018</u>
	Program Services	Management and General	Fundraising		All Funds (Memorandum Only)
Salaries	\$ 532,891	\$ 59,210	\$ -	\$ 592,101	579,784
Fire and ambulance supplies	244,274	-	-	244,274	122,214
Depreciation and amortization	229,424	-	-	229,424	228,674
In-kind	98,902	-	-	98,902	95,414
Employee benefits	73,131	-	-	73,131	80,313
Insurance	65,846	-	-	65,846	61,781
Utilities and telephone	64,799	-	-	64,799	59,901
Payroll taxes	48,074	5,341	-	53,415	53,537
Interest	33,044	-	-	33,044	29,709
Fuel and oil	30,060	-	-	30,060	28,035
Miscellaneous	22,621	-	5,655	28,276	21,724
Repair and maintenance	19,877	-	-	19,877	24,876
Uniforms and protective clothing	19,872	-	-	19,872	11,389
Professional fees	17,280	1,920	-	19,200	18,038
Office	18,990	-	-	18,990	8,365
IT supplies and services	18,799	-	-	18,799	19,256
Incentive pay	16,450	-	-	16,450	19,055
Training	11,542	-	-	11,542	7,014
Vending and food supplies	5,774	-	-	5,774	4,299
Radios and pagers	5,610	-	-	5,610	3,678
Travel	3,893	-	-	3,893	1,219
Advertising	3,003	-	-	3,003	1,546
Dues and subscriptions	1,430	-	-	1,430	6,612
	<u>\$ 1,585,586</u>	<u>\$ 66,471</u>	<u>\$ 5,655</u>	<u>\$ 1,657,712</u>	<u>\$ 1,486,433</u>

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.

Statements of Cash Flows

For the Years Ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Cash received from service recipients	\$ 29,949	\$ 32,789
Cash received from contract and local support	1,534,074	1,474,141
Interest paid	(7,219)	(29,709)
Interest income	4,081	2,786
Cash paid to employees and suppliers	<u>(1,293,515)</u>	<u>(1,113,038)</u>
Net cash flows from operating activities	<u>267,370</u>	<u>366,969</u>
Cash Flows Used By Investing Activities		
Purchases of equipment	(923,463)	(68,744)
Proceeds from disposal of equipment	395,096	11,595
Purchases of investments	(783,130)	(598,297)
Proceeds from sale of investments	<u>642,801</u>	<u>677,920</u>
Net cash flows used by investing activities	<u>(668,696)</u>	<u>22,474</u>
Cash Flows Used By Financing Activities		
Proceeds from debt	200,000	-
Principal payments of debt	<u>(41,853)</u>	<u>(109,291)</u>
Net cash flows used by financing activities	<u>158,147</u>	<u>(109,291)</u>
Net change in cash and cash equivalents	(243,179)	280,152
Cash and cash equivalents at the beginning of the year	<u>787,043</u>	<u>506,891</u>
Cash and cash equivalents at the end of the year	<u>\$ 543,864</u>	<u>\$ 787,043</u>
Supplemental Disclosures		
Noncash Transactions		
Use of vehicles donated to Organization	<u>\$ 67,848</u>	<u>\$ 67,148</u>
Use of equipment donated to Organization	<u>\$ 6,017</u>	<u>\$ 6,017</u>
Equipment donated to Organization	<u>\$ 83,748</u>	<u>\$ 128,750</u>

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.

Statements of Cash Flows (Continued)

For the Years Ended March 31, 2019 and 2018

Reconciliation of change in net assets to net cash flows from operating activities	<u>2019</u>	<u>2018</u>
Change in net assets	\$ 387,699	\$ 345,423
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	229,424	228,674
Investment income, net of investment fees	(21,930)	(92,723)
Gain on disposal of property and equipment	(263,747)	(11,595)
Donated assets	(83,748)	(128,750)
Decrease (increase) in assets:		
Accounts receivable	(8,980)	6,342
Prepaid expenses	(565)	1,391
Increase (decrease) in liabilities:		
Accounts payable	1,034	10,842
Accrued expenses	2,358	3,972
Accrued interest	25,825	3,393
Net cash flows from operating activities	<u>\$ 267,370</u>	<u>\$ 366,969</u>

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements
March 31, 2019 and 2018

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - Sellersburg Volunteer Fire Department, Inc. ("Organization") is an Indiana nonprofit corporation serving parts of Clark County. The Organization operates a staff of volunteer firefighters to fight fires, to use and maintain rescue and fire fighting equipment, and to otherwise provide fire protection and prevention for the Town of Sellersburg and the Townships of Carr, Silver Creek, and Union.

Basis of Accounting - The accounting records of the Organization are maintained using the accrual method. Under this method of accounting, support, revenue and expenditures are identified with specific periods of time and are recorded as incurred along with assets acquired, without regard to the date of receipt or payment of cash. Financial statements prepared on this basis conform to the practices of business organizations in general with respect to such items as receivables, prepayments and accrual of liabilities.

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.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances at period-end. Based on management's assessment of the credit history with individuals having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at period-end will be immaterial. At March 31, 2019 and 2018 the accounts receivable balance was deemed collectible.

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 using primarily the straight-line method over the estimated useful lives of the assets. Amortization is recorded using the straight-line method over fifteen years.

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 net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

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 the sale of 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.

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 costs of advertising are expensed as incurred. During the periods ended March 31, 2019 and 2018, advertising costs totaled \$3,003 and \$1,546, respectively.

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. Accordingly, no provision for federal or state income taxes is included in the accompanying financial statements. The Organization evaluates its uncertain tax positions in accordance with applicable standards. It has evaluated its tax positions, and believes that it has none that are uncertain.

Basis of Presentation - The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. In addition, the Organization is required to present a Statement of Cash Flows.

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements (Continued)

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. Included in net assets without donor restrictions is board designated net assets which represent amounts designated by the Board of Directors to retain as investments.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. The organization's donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expenses - The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The March 31, 2019 Statement of Functional Expenses presents summarized comparative information from the prior year. Such information does not contain sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2018, from which the summarized information was derived.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributed Services - During the periods ended March 31, 2019 and 2018, 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.

Reclassifications - Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Change in Accounting Principle - On August 18, 2016 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification and requires additional information about liquidity, availability of resources, expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Recent Accounting Pronouncements - The FASB also issued the following accounting standards, which will be effective in subsequent years: 1) ASU No. 2014-09, *Revenue from Contracts with Customers*, effective for fiscal years beginning after December 15, 2018; 2) ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash*, effective for years beginning after December 15, 2018; 3) ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective for fiscal years beginning after December 15, 2018, 4) ASU No. 2016-02, *Leases*, effective for fiscal years beginning after December 15, 2019; and 5) ASU No. 2016-13, *Financial Instruments-Credit Losses*, effective for fiscal years beginning after December 15, 2020. The Organization will evaluate each of these new standards and has yet to determine the effect, if any, on its financial position and operations.

Date of Management's Review - Management has evaluated events and transactions occurring subsequent to the Statement of Financial Position date of March 31, 2019 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through the date of the report, which was the date these financial statements were available to be issued.

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements (Continued)

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of the statement of financial position consist of the following:

Cash and cash equivalents	\$	543,864
Accounts receivable		13,497
Investments		<u>1,734,120</u>
	\$	<u>2,291,481</u>

As part of the liquidity management plan, the board invests in cash in excess of daily requirements in short-term investments. According to board policy, income from investments may be distributed from the investments at the beginning of every year. If income from investments is not distributed, the funds are retained to remain as a portion of the investment. This is a board designated restriction.

NOTE 3 - INVESTMENTS

Investments in marketable securities are stated at fair value. Fair values at March 31, 2019 and 2018 are summarized as follows:

	<u>2019</u>		<u>2018</u>
Mutual funds	\$ 1,006,188	\$	874,776
Fixed income	482,818		437,610
Equities	149,770		162,668
Other alternative investments	<u>95,344</u>		<u>96,807</u>
	<u>\$ 1,734,120</u>	\$	<u>1,571,861</u>

The following schedule summarizes the investment return for the periods ended March 31, 2019 and 2018:

	<u>2019</u>		<u>2018</u>
Interest and dividends	\$ 66,321	\$	45,072
Investment fees	(16,448)		(16,081)
Realized and unrealized gain (loss) on investments	<u>(23,862)</u>		<u>66,518</u>
Total	<u>\$ 26,011</u>	\$	<u>95,509</u>

Realized and unrealized gain (loss) on investments includes realized capital gains and losses and the change in value of investment accounts. Interest income includes interest earned from investments as well as money market funds, which are included in cash and cash equivalents in the Statements of Financial Position. Dividend income includes dividends received from common stocks and capital gain distributions from mutual funds.

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the Organization's cash, certain cash equivalents, receivables, payables, and accrued liabilities approximate fair value because of the short-term maturity of these instruments. The Organization has various financial assets that are measured at fair value on the financial statements using input from the three levels of the fair value hierarchy. A financial asset classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements (Continued)

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The three levels are as follows:

- Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- Level 3 - Unobservable inputs reflect the Organization's judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. The Organization develops these inputs based on the best information available, including its own data.

Investments are valued at the closing price reported on the active market on which the individual investment is traded. There have been no changes in the methodologies used to value investments at March 31, 2019 or 2018.

The following tables represent the Organization's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of March 31, 2019 and 2018. All investments are included in Level 1 of the fair value hierarchy:

	<u>2019</u>		<u>2018</u>	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	\$ 965,764	\$ 1,006,188	\$ 805,319	\$ 874,776
Fixed income	143,353	482,818	423,000	437,610
Equities	466,000	149,770	146,554	162,668
Other alternative investments	118,404	95,344	109,695	96,807
	<u>\$ 1,693,521</u>	<u>\$ 1,734,120</u>	<u>\$ 1,484,568</u>	<u>\$ 1,571,861</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2019</u>	<u>2018</u>
Fire trucks, ambulances and autos	\$ 2,854,227	\$ 2,223,653
Fire and office equipment	1,315,588	1,264,292
Land, buildings and improvements	938,993	938,993
Furniture and fixtures	79,827	142,831
	<u>5,188,635</u>	<u>4,569,769</u>
Less accumulated depreciation and amortization	<u>(2,884,703)</u>	<u>(2,912,275)</u>
Property and equipment, net	<u>\$ 2,303,932</u>	<u>\$ 1,657,494</u>

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements (Continued)

NOTE 6 - LINES OF CREDIT

The Organization has an unsecured line of credit with JPMorgan Chase, N.A. in the amount of \$100,000. The line of credit was due to mature on April 14, 2017, and it was renewed as an evergreen note with no maturity date. The interest rate charged on this line of credit was 6.5% and 6.0% at March 31, 2019 and 2018, respectively. The balance at March 31, 2019 and 2018 was \$0.

The Organization has a line of credit with WesBanco Bank, Inc. in the amount of \$100,000. The line of credit is secured by a fire truck. The interest rate for the line of credit was 1.50% over the index, with a floor of 5.0%. At March 31, 2019 and 2018 the interest rate was 7% and 6.25%, respectively. The balance on the line of credit at March 31, 2019 and 2018 was \$0. The line of credit matured on April 24, 2017 and was renewed on May 22, 2017 with an annually renewable maturity date (an evergreen note).

The Organization has a line of credit with German American Bancorp in the amount of \$100,000. The line of credit is secured by a fire truck. The interest rate for the line of credit is 2.0% over the index, with a floor of 5.5%. At March 31, 2019 the interest rate was 7.5%. At March 31, 2018 the interest rate was 6.75%. The balance on the line of credit at March 31, 2019 and 2018 was \$0. The line of credit matured December 1, 2018 and was renewed through December 1, 2019.

NOTE 7 - NOTE PAYABLE

The Organization has a note from New Washington State Bank, secured by real estate. The note matures on December 31, 2023. The interest rate on the note is 4.9%. At March 31, 2019 and 2018 the balance of the note payable was \$523,055 and \$523,055, respectively.

The Organization entered into a loan agreement with New Washington State Bank during the year ended March 31, 2019. The note matures on June 5, 2026. The interest rate on the note is 5%. The note is secured by equipment. At March 31, 2019 the balance of the note payable was \$158,147.

A five-year summary of debt payments is presented below:

Year ending March 31,	
2020	\$ 107,778
2021	138,394
2022	145,227
2023	152,399
2024	108,227
Thereafter	<u>29,177</u>
	<u>\$ 681,202</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods :

Subject to the passage of time:	<u>2019</u>	<u>2018</u>
Restricted vehicles and equipment	<u>\$ 111,286</u>	<u>\$ 566,512</u>

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements (Continued)

NOTE 9 - CONCENTRATIONS

The Organization entered into a contract with Clark County, Indiana (Tri-Township Fire Protection District, Inc.) on February 9, 2016. Under the contract, the Organization will provide fire protection services in exchange for funding from Clark County, Indiana. The contract term began January 1, 2016 and expires December 31, 2019. The Organization is materially dependent on Clark County, Indiana for its funding. In the periods ended March 31, 2019 and 2018 the Organization received 78 and 84 percent of its revenue, respectively, from Clark County, Indiana. On March 21, 2019, the Organization was notified that Tri-Township Fire Protection District, Inc. would not renew the contract after its expiration.

NOTE 10 - LEASES

The Organization leases several properties in Clark County, Indiana from the Tri-Township Fire Protection District, Inc. The leases began December 1, 1991 with rent in the amount of \$1 per year for a period of forty-eight years and six months. Management was unable to determine the fair market value of the leased real property; thus, the value of such leases was not recorded as in-kind revenue or in-kind expense.

On February 9, 2016 the Organization entered into a lease agreement with the Tri-Township Fire Protection District, Inc. Under this agreement, the Organization leases certain equipment, vehicles, and personal property from the Tri-Township Fire Protection District, Inc. for \$1 dollar per year. The lease term began January 1, 2016 and expires December 31, 2019. Fair value of the equipment, vehicles, and other property is recorded as in-kind revenue and expense.

The Organization leases a house under a month-to-month agreement with rent of \$231 due every two weeks. There is no written lease agreement for this lease.

NOTE 11 - RETIREMENT PLAN

The Organization established a 401(k) deferred compensation plan on January 1, 1997. When established, the Plan covered all full-time employees over the age of 21. New employees must complete at least one year of service and attain the age of 21 to be eligible.

Under this Plan, the Organization has agreed to make a matching contribution of 50 percent of each eligible employee's elective deferrals up to 12 percent of wages. In April 2010, the Organization amended the Plan to include a 401(k) deferred compensation bonus incentive based on the years of service with the Organization. The Organization's matching contribution expense was \$21,634 and \$17,691 for the periods ended March 31, 2019 and 2018, respectively. This expense is included under Employee Benefits on the Statements of Activities.

NOTE 12 - RISKS AND UNCERTAINTIES

Investments in marketable securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain marketable securities, it is at least reasonably possible that changes in the values could materially affect the amounts reported in the Statements of Financial Position.

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances.

NOTE 13 - FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, miscellaneous, and professional fees. These expenses are allocated on the basis of estimates of time and effort.

SELLERSBURG VOLUNTEER FIRE DEPARTMENT, INC.
Notes to Financial Statements (Continued)

NOTE 14 - RELATED PARTIES

The real estate listed as collateral on the Organization's New Washington State Bank note, described in Note 7, is owned by Clark County, Indiana (Tri Township Fire Protection District, Inc.). Additionally, the Organization leases several properties from Clark County, Indiana, as discussed in Note 10.

For the year ended March 31, 2019, Clark County, Indiana provided funding to the Organization in the amount of \$1,533,874 and donated vehicles in the amount of \$64,421 and equipment in the amount of \$6,017. For the year ended March 31, 2018, Clark County, Indiana provided funding to the Organization in the amount of \$1,473,916 and donated vehicles in the amount of \$64,421 and equipment in the amount of \$6,017. The Organization's economic dependency on Clark County, Indiana is described in Note 9.

NOTE 15 - SUBSEQUENT EVENTS

As discussed in Note 9, on March 21, 2019 the Tri-Township Fire Protection District, Inc. ("the District") advised the Organization that their contract would not be renewed upon its expiration at December 31, 2019. On May 21, 2019, the Organization filed suit against the District due to the costs related to this expiration. On July 19, 2019, a settlement agreement was reached. Under the agreement, the contract between the two parties shall terminate effective September 20, 2019. The settlement provides that the Organization shall receive Fire Station 1 and the surrounding ten lots, as well as a proration of tax revenue. In addition, the District will pay \$225,000 to the New Washington State Bank toward the Organization's note payable.

The Organization plans to utilize its investments, revenues from additional tax settlements from the District, and proceeds from sales of equipment to continue operating in the immediate future. The Organization is exploring partnerships and will focus its attention on providing educational courses and training. Additionally, the Organization's budget will be significantly reduced as they will no longer have a large district to provide fire services.

With the restructuring plan in place and the significant amount of investments and fixed assets the Organization possesses, management believes there are sufficient funds to continue operations.