



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B53982

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

December 11, 2019

Board of Directors
Charlestown Volunteer Fire Department Inc.
P.O. Box 235
Charlestown, IN 47111

We have reviewed the audit report of Charlestown Volunteer Fire Department Inc. which was opined upon by J Rorrer & Co., PC, Independent Public Accountants, for the period January 1, 2018 to December 31, 2018. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Charlestown Volunteer Fire Department Inc. as of December 31, 2018 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 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
Paul D. Joyce, CPA
State Examiner

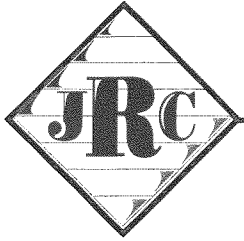
**Charlestown Volunteer Fire
Department Inc**

Audited Financial Statements

**For the Years Then Ended
December 31, 2018 and 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 Functional Expenses – Modified Cash Basis	3
Statement of Cash Flows – Modified Cash Basis	4
Notes to the Financial Statements	5-9



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 Officers
Charlestown Volunteer Fire Department Inc.

We have audited the accompanying financial statements of Charlestown Volunteer Fire Department Inc. (a nonprofit corporation), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2018 and 2017, and the related statement of revenue and expenses and changes in net assets – modified cash basis, statement of functional expenses –modified cash basis and statement of cash flows – 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 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 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 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.

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

Julie R. Rorrer, CPA
julie@jrorrercocpa.com

Claudia S. Brengman, CPA
claudia@jrorrercocpa.com

Jennifer K. Whalen, CPA
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 Charlestown Volunteer Fire Department Inc. as of December 31, 2018 and 2017 and its revenue, expenses, and other changes in net assets for the years 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 23, 2019

Charlestown Volunteer Fire Department Inc
Statement of Assets, Liabilities and Net Assets
Modified Cash Basis
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$402,870	\$335,327
Cash restricted	<u>4,907</u>	<u>8,152</u>
Total current assets	<u>407,777</u>	<u>343,479</u>
Property and Equipment:		
Land	484,159	484,159
Buildings	681,700	593,937
Vehicles	584,892	575,470
Fire fighting equipment	295,169	830,133
Office	19,511	29,397
Furniture and fixtures	24,011	62,724
Computer system	21,822	31,912
Less accumulated depreciation	<u>(832,899)</u>	<u>(1,403,521)</u>
Total property and equipment	<u>1,278,365</u>	<u>1,204,211</u>
Total assets	<u><u>\$1,686,142</u></u>	<u><u>\$1,547,690</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Taxes payable	2,471	2,240
Current portion long-term debt	<u>35,963</u>	<u>32,841</u>
Total current liabilities	<u>38,434</u>	<u>35,081</u>
Long-Term Liabilities:		
Long-term debt	220,545	215,783
Less current portion	<u>(35,963)</u>	<u>(32,841)</u>
Total long-term liabilities	<u>184,582</u>	<u>182,942</u>
Total liabilities	<u>223,016</u>	<u>218,023</u>
Net Assets:		
Without donor restrictions	1,458,219	1,321,515
With donor restrictions	<u>4,907</u>	<u>8,152</u>
Total net assets	<u>1,463,126</u>	<u>1,329,667</u>
Total liabilities and net assets	<u><u>\$1,686,142</u></u>	<u><u>\$1,547,690</u></u>

See accompanying notes and independent auditors' report.

Charlestown Volunteer Fire Department Inc
Statement of Revenue and Expenses and Changes in Net Assets
Modified Cash Basis
For the Years Then Ended December 31, 2018 and 2017

	Without Donor Restrictions	With Donor Restrictions	Audited 2018 Total	Without Donor Restrictions	With Donor Restrictions	Audited 2017 Total
Revenue:						
Contract income	\$481,116	\$5,000	\$486,116	\$436,391	\$5,000	\$441,391
Miscellaneous Income	6,280	0	6,280	331,343	0	331,343
Vending	1,528	0	1,528	1,317	0	1,317
Insurance claims	510	0	510	1,505	0	1,505
Lieu of taxes	6,745	0	6,745	7,348	0	7,348
Grant income	0	5,000	5,000	0	9,026	9,026
Crusade for children	66,345	0	66,345	55,546	0	55,546
Net assets released restricted	1,242	(1,242)	0	8,240	(8,240)	0
Gain and loss on sale of assets	107,052	0	107,052	0	0	0
Interest income	8	12	20	2	11	13
Total revenue	670,826	8,770	679,596	841,692	5,797	847,489
Expenses:						
Accounting	18,955	0	18,955	19,015	0	19,015
Building maintenance	8,708	0	8,708	4,804	0	4,804
Clothing allowance	42,050	0	42,050	40,828	0	40,828
Communication radio	2,211	0	2,211	726	0	726
Contribution	64,977	0	64,977	59,512	0	59,512
Department dinner and meals	2,328	0	2,328	1,705	0	1,705
Depreciation	97,896	0	97,896	110,010	0	110,010
Dues and subscriptions	1,531	0	1,531	1,455	0	1,455
Fuel	21,642	0	21,642	20,497	0	20,497
Insurance	36,083	0	36,083	38,223	0	38,223
Interest on loans	11,413	0	11,413	12,281	0	12,281
Miscellaneous expense	2,421	0	2,421	1,395	0	1,395
Office expense	6,186	0	6,186	6,154	0	6,154
Outside service	6,028	0	6,028	4,703	0	4,703
Payroll expense	113,165	0	113,165	82,048	0	82,048
Personal turnout gear	368	0	368	1,745	0	1,745
Professional fees	0	0	0	5,700	0	5,700
Public relations	4,123	0	4,123	4,824	0	4,824
Small equipment and repairs	6,878	3,541	10,419	5,606	785	6,391
Station 1 expense	14,159	0	14,159	13,275	0	13,275
Station 2 expense	5,428	0	5,428	4,251	0	4,251
Station 3 expense	411	0	411	35	0	35
Station 4 expense	4,580	0	4,580	4,473	0	4,473
Station 5 expense	1,800	0	1,800	0	0	0
Supplies	4,312	0	4,312	8,532	998	9,530
Telephone	10,119	0	10,119	9,723	0	9,723
Truck expense	41,970	8,474	50,444	8,529	8,615	17,144
Uniforms	3,133	0	3,133	553	0	553
Vending expense	1,247	0	1,247	842	0	842
Gain and loss on sale of assets	0	0	0	371	0	371
Total expenses	534,122	12,015	546,137	471,816	10,398	482,214
Changes in net assets	136,704	(3,245)	133,459	369,876	(4,601)	365,275
Net assets, beginning of year	1,321,515	8,152	1,329,667	951,639	12,753	964,392
Net assets, end of year	\$1,458,219	\$4,907	\$1,463,126	\$1,321,515	\$8,152	\$1,329,667

See accompanying notes and independent auditors' report.

Charlestown Volunteer Fire Department Inc
Statement of Functional Expenses
Modified Cash Basis
For the Years Then Ended December 31, 2018 and 2017

	Audited 2018			Audited 2017		
	Program Fire Protection	General and Administrative	Fundraising	Program Fire Protection	General and Administrative	Fundraising
Expenses:						
Accounting	\$0	\$18,955	\$0	\$0	\$19,015	\$0
Building maintenance	8,708	0	0	4,804	0	0
Clothing allowance	42,050	0	0	40,828	0	0
Communication radio	2,211	0	0	726	0	0
Contribution	0	0	64,977	0	0	59,512
Department dinner and meals	2,328	0	0	1,705	0	0
Depreciation	96,009	1,887	0	108,037	1,973	0
Dues and subscriptions	1,531	0	0	1,455	0	0
Fuel	21,642	0	0	20,497	0	0
Insurance	35,434	649	0	37,566	657	0
Interest on loans	11,413	0	0	12,281	0	0
Miscellaneous expense	2,421	0	0	1,395	0	0
Office expense	0	6,186	0	0	6,154	0
Outside service	6,028	0	0	4,703	0	0
Payroll expense	113,165	0	0	82,048	0	0
Personal turnout gear	368	0	0	1,745	0	0
Professional fees	0	0	0	0	5,700	0
Public relations	4,123	0	0	4,824	0	0
Small equipment and repairs	10,419	0	0	6,391	0	0
Station 1 expense	14,159	0	0	13,275	0	0
Station 2 expense	5,428	0	0	4,251	0	0
Station 3 expense	411	0	0	35	0	0
Station 4 expense	4,580	0	0	4,473	0	0
Station 5 expense	1,800	0	0	0	0	0
Supplies	4,312	0	0	9,530	0	0
Telephone	8,619	1,500	0	8,223	1,500	0
Truck expense	41,644	8,800	0	17,143	0	0
Uniforms	3,133	0	0	553	0	0
Vending expense	1,247	0	0	842	0	0
Gain and loss on sale of assets	0	0	0	371	0	0
Total expenses	\$443,183	\$37,977	\$64,977	\$387,702	\$34,999	\$59,513

See accompanying notes and independent auditors' report.

Charlestown Volunteer Fire Department Inc
Statement of Cash Flows
Modified Cash Basis
For the Years Then Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating activities:		
Changes in net assets	\$133,459	\$365,275
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Donated property	0	(326,400)
Loss or (gain) on sale of assets	(107,052)	371
Increase (decrease) in accrued liabilities	233	1,100
Depreciation	97,896	110,010
	<u>124,536</u>	<u>150,356</u>
Investing activities:		
Proceeds from sale of property and equipment	110,000	0
Purchase of property and equipment	(116,760)	(50,570)
	<u>(6,760)</u>	<u>(50,570)</u>
Financing activities:		
Proceeds from long term debt	0	0
Payments on long term debt	(53,478)	(78,340)
	<u>(53,478)</u>	<u>(78,340)</u>
Net increase (decrease) in cash and cash equivalents	64,298	21,446
Beginning cash and cash equivalents	<u>343,479</u>	<u>322,033</u>
Ending cash and cash equivalents	<u><u>\$407,777</u></u>	<u><u>\$343,479</u></u>
Supplemental disclosure:		
Interest paid	<u>\$11,413</u>	<u>\$12,281</u>
Non-cash transactions:		
Property and equipment purchased through long-term debt	<u>\$58,240</u>	<u>\$0</u>
Land donated to Organization	<u>\$0</u>	<u>\$326,400</u>

See accompanying notes and independent auditors' report.

Note 1 – Nature of Organization and Operations:

Nature of Activities:

Charlestown 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 Charlestown Township, a part of Oregon Township, and the City of Charlestown, Indiana.

Note 2 – Summary of Significant Accounting Policies:

Basis of Accounting:

The financial statements of the Organization have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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.

Basis of Presentation:

Net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as either net assets without donor restrictions or net assets with donor restrictions.

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:

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:

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are 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. Depreciation expense for 2018 and 2017 is \$97,896 and \$110,010 respectively.

Revenue:

Revenue is recognized when received. The Organization has an annual contract with the Charlestown – Oregon Township Fire Protection District of Clark County, Indiana. They are scheduled to receive funds twice a year from the District.

Contributions contract income and grants received are recorded as increase in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Charlestown Volunteer Fire Department Inc
Notes to the Financial Statements
December 31, 2018 and 2017

Advertising:

The Organization uses advertising to promote its programs. The cost of advertising is expensed as incurred. Advertising or public relations expense for 2018 and 2017 is \$4,123 and \$4,824 respectively.

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.

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 23, 2019 the date which the financial statements were available to be issued. The Organization has paid an architect to help with construction of a new fire house on the donated land the estimated cost for construction is \$700,000. Construction has not started as of the date of these financial statements.

Functional Allocation of Expense:

The cost of providing the various programs and activities is included on a functional basis in the Statement of Revenue and Expenses and changes in net assets- modified cash basis. The Statement of Functional Expenses –modified cash basis presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the program and general and administrative cost. The expenses that are allocated include accounting, depreciation, professional service, office expenses, insurance, cell phone and vehicle reimbursement, which are allocated on the basis of estimates of time and effort. Directly identifiable expenses are charged to the program and general and administrative cost. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Fundraising expense is solely for the Crusade for Children and not the Organization, expenses are charged directly to fundraising.

Note 3 – Cash:

Restricted Cash:

Equipment Depreciation fund is an interest bearing checking account held in reserve for emergency repairs or replacement of fire fighting equipment. The fire service contract requires the CVFD to deposit \$5,000 annually into this account. If the account falls below \$10,000 the Fire Department shall not make expenditures from the account without written approval of the District. Balance as of December 31, 2018 and 2017 is \$4,907 and \$8,152 respectively.

Charlestown Volunteer Fire Department Inc
Notes to the Financial Statements
December 31, 2018 and 2017

Cash:

Consists of nine accounts, one main operating account is used for receipts and disbursements. Separate accounts are used for remodeling and building construction, insurance proceeds, EMS receipts and disbursements, clothing allowance, cadets, and fund raising activities. The balance of unrestricted cash as of December 31, 2018 and 2017 is \$402,870 and \$335,327, respectively.

Note 4 – Liquidity Disclosure:

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year comprise the following:

	<u>2018</u>
Total financial assets at year-end	\$407,768
Less those unavailable for general expenditures within one year, due to:	
Contract restricted for repairs or capital expenditures	4,907
Donor-restricted for organizing, training or equipping	<u>5,000</u>
 Financial assets available to meet cash needs for general expenditure within one year	 <u>\$397,861</u>

As part of the Organization’s liquidity management, cash in excess of daily requirements are invested in short term investments, typically interest bearing checking accounts.

Note 5– Fair Value of Financial Instruments:

The carrying amount of the following financial instruments approximate fair value because of the short maturity of the instrument: cash equivalents. The fair value of the Organization’s long-term debt is estimated at \$220,545 and \$215,783 for 2018 and 2017, respectively, based on the future cash flows associated with each note discounted using the Organization’s current borrowing rate for similar debt.

Note 6 – Long-Term Notes Payable:

Long-term notes payable at December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Note payable to New Washington State Bank with two annual payments of \$9,995 bearing interest at 4.9% and collateral of Real estate matures January 2025.	109,948	124,079
Note payable to First Savings Bank with monthly payments of \$479 bearing interest at 3.75% and collateral of F150 truck matures January 2021.	11,937	17,133
Note payable to New Washington State Bank with semiannual payments of \$3,885 bearing interest at 4.50% and collateral of land matures October 2025.	46,174	51,685

Charlestown Volunteer Fire Department Inc
Notes to the Financial Statements
December 31, 2018 and 2017

Note payable to First Savings Bank with monthly payments of \$506 bearing interest at 3.5% and collateral of 2017 Ford F250 matures April 2023.	24,525	0
Note payable to First Savings Bank with monthly payment of \$556 bearing interest at 4.5% and collateral of 2017 Dodge truck matures August 2023	27,961	0
Note payable to First Savings Bank with monthly payments of \$370 bearing interest at 3.75% and collateral of 2015 Dodge truck matures August 2020.	0	10,788
Note payable to First Savings Bank with monthly payments of \$366 bearing interest at 3.75% and collateral of 2015 Dodge Ram truck matures November 2020.	0	12,097
Total	<u>\$ 220,545</u>	<u>\$ 215,783</u>
Less current portion	<u>35,963</u>	<u>32,841</u>
	<u>\$ 184,582</u>	<u>\$ 182,942</u>

Maturities of long term debt are as follows:

2019	\$ 35,963
2020	37,533
2021	34,287
2022	34,853
2023	29,496
Thereafter	48,413
	<u>\$ 220,545</u>

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

Note 8 – Leases Related Party:

The Organization subleases two 2010 Crimson Star Pumpers, a 2016 Spartan Aerial Truck, a 2017 Spartan Pumper, two 2018 Spartan ERV from the Charlestown – Oregon Townships Fire Protection District of Clark County, Indiana for the sum of \$1 per year, per vehicle plus the Organization must provide maintenance and insurance for these vehicle. The lease is year to year.

Note 9– 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 a contract with the Charlestown – Oregon Township Fire Protection District of Clark County, Indiana. Under the contract, the Organization will provide fire protection services in exchange for funding. The Organization is materially dependent on the Charlestown – Oregon Township Fire Protection District of Clark County, Indiana for its funding. In the period ending December 31, 2018 and 2017 the organization received 85 percent and 52 percent respectively.

Note 10– Indiana DNR Financial Assistance:

The Organization was awarded a matching grant for the year 2018 from the Department of Natural Resources. The approved project cost was \$10,000. The funds were to be used for wildland category. The state's share was 50% or \$5,000 and the Organization's share was 50%. Funds received in 2018 were \$0 and expenditures were \$0.

The Organization was awarded a matching grant for the year 2017 from the Department of Natural Resources. The approved project cost was \$10,000. The funds were to be used for wildland category. The state's share was 50%, or \$5,000, and the Organization's share was 50%. Funds received in 2018 were \$5,000 and expenditures for 2017 were \$4,783.