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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa


September 22, 2020

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., PC, Independent Public Accountants, for the period January 1, 2018 to December 31, 2018. 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, 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 the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.


Paul D. Joyce, CPA
State Examiner

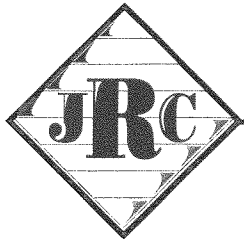
**New Washington Volunteer Fire
Department Inc**

Audited Financial Statements

**For the Year Ended
December 31, 2018**

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J RORRER & CO., P.C.
Certified Public Accountants

MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND INDIANA & KENTUCKY CPA SOCIETY

INDEPENDENT AUDITORS' REPORT

To the Officers
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, 2018, and the related statement of revenue and expenses and changes in net assets – modified cash basis, statement of functional expense – 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

Julie R. Rorrer, CPA
julie@jrorrercocpa.com

Claudia S. Brengman, CPA
claudia@jrorrercocpa.com

Jennifer K. Whalen, CPA
jennifer@jrorrercocpa.com

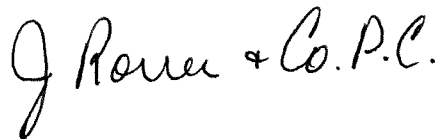
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of New Washington Volunteer Fire Department Inc as of December 31, 2018 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.

A handwritten signature in cursive script that reads "J Rorrer & Co. P.C.".

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

September 24, 2019

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

ASSETS

Current Assets:

Cash and cash equivalents	\$164,357
Cash restricted	<u>\$18,493</u>

Total current assets	<u>182,850</u>
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Property and Equipment:

Land	13,000
Buildings	626,549
Vehicles	934,086
Fire fighting equipment	685,648
Picnic Area	36,666
Office	57,547
Less accumulated depreciation	<u>(1,684,580)</u>

Total property and equipment	<u>668,916</u>
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Total assets	<u><u>\$851,766</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Current portion long-term debt	<u>55,357</u>
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Total current liabilities	<u>55,357</u>
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Long-Term Liabilities:

Long-term debt	376,048
Less current portion	<u>(55,357)</u>

Total long-term liabilities	<u>320,691</u>
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Total liabilities	<u>376,048</u>
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Net Assets:

Without donor restrictions	18,493
With donor restrictions	<u>457,225</u>

Total net assets	<u>475,718</u>
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Total liabilities and net assets	<u><u>\$851,766</u></u>
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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, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Revenue:			
Contract income	\$224,995	\$7,500	\$232,495
Miscellaneous income	3,725	0	3,725
Donation income	8,000	0	8,000
Fundraising income	22,216	0	22,216
EMS income	12,118	0	12,118
Crusade for children	24,126	0	24,126
Net assets released from restrictions	0	0	0
Total revenue	<u>295,180</u>	<u>7,500</u>	<u>302,680</u>
Expenses:			
Accounting	9,685	0	9,685
Advertising	1,928	0	1,928
Clothing allowance	10,445	0	10,445
Contribution crusade	24,211	0	24,211
Depreciation	145,618	0	145,618
EMS expense	2,939	0	2,939
Fuel	9,510	0	9,510
Insurance	31,050	0	31,050
License and permits	45	0	45
Miscellaneous expense	1,479	0	1,479
Office expense	1,309	0	1,309
Picnic expense	17,378	0	17,378
Meals	505	0	505
Station one	16,151	0	16,151
Station two	1,863	0	1,863
Small equipment and repairs	3,000	0	3,000
Supplies	4,219	0	4,219
Training	1,751	0	1,751
Truck expense	16,985	0	16,985
Uniforms	1,625	0	1,625
Total expenses	<u>301,696</u>	<u>0</u>	<u>301,696</u>
Other Income and (Expense):			
Interest income	40	28	68
Gain and loss on sale of assets	0	0	0
Interest expense	(19,388)	0	(19,388)
Penalties and late charges	(349)	0	(349)
Total other income and expenses	<u>(19,697)</u>	<u>28</u>	<u>(19,669)</u>
Changes in net assets	<u>(26,213)</u>	<u>7,528</u>	<u>(18,685)</u>
Net assets, beginning of year	<u>483,438</u>	<u>10,965</u>	<u>494,403</u>
Net assets, end of year	<u>\$457,225</u>	<u>\$18,493</u>	<u>\$475,718</u>

See accompanying notes and independent auditors' report.

New Washington Volunteer Fire Department Inc
Statement of Functional Expenses
Modified Cash Basis
For the Year Then Ended December 31, 2018

	Program Fire Protection	Program EMS	General and Administrative	Fundraising Crusade	Fundraising Picnic
Expenses:					
Accounting	\$0	\$1,198	\$8,487	\$0	\$0
Advertising	1,928	0	0	0	0
Clothing allowance	10,445	0	0	0	0
Contribution crusade	0	0	0	24,211	0
Depreciation	142,358	2,269	201	0	787
EMS expense	0	2,939	0	0	0
Fuel	9,510	0	0	0	0
Insurance	31,050	0	0	0	0
Interest	19,737	0	0	0	0
License and permits	45	0	0	0	0
Miscellaneous expense	1,479	0	0	0	0
Office expense	0	0	1,309	0	0
Picnic expense	0	0	0	0	17,378
Meals	505	0	0	0	0
Station one	16,151	0	0	0	0
Station two	1,863	0	0	0	0
Small equipment and repairs	3,000	0	0	0	0
Supplies	4,219	0	0	0	0
Training	1,751	0	0	0	0
Truck expense	16,985	0	0	0	0
Uniforms	1,625	0	0	0	0
Total expenses	\$262,651	\$6,406	\$9,997	\$24,211	\$18,165

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, 2018

Operating activities:

Cash received from contract and local support	\$278,837
Cash received from services receipts	15,843
Interest income	68
Interest paid	(19,388)
Cash paid to employees and suppliers	<u>(156,427)</u>

Net cash provided by operating activities 118,933

Investing activities:

Proceeds from sale of property and equipment	0
Purchase of property and equipment	<u>(38,472)</u>

Net cash used in investing activities (38,472)

Financing activities:

Proceeds from long-term debt	0
Payments on long-term debt	<u>(51,570)</u>

Net cash used in financing activities (51,570)

Net increase (decrease) in cash and cash equivalents 28,891

Beginning cash and cash equivalents 153,959

Ending cash and cash equivalents \$182,850

Supplemental disclosure:

Land donated to Organization	<u><u>\$8,000</u></u>
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See accompanying notes and independent auditors' report.

Note 1 – Nature of Organization and Operations:

Nature of Activities:

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. The Organization also provides EMS services for Washington Township, Bethlehem Township, and Owen Township, all in Clark County, 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.

Functional 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 for the picnic and the Crusade for Children, not the Organization, expenses are charged directly to fundraising.

New Washington Volunteer Fire Department Inc
Notes to the Financial Statements
December 31, 2018

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 \$500. 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 is \$145,618.

Revenue:

Revenue is recognized when received. 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.

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.

Advertising:

The Organization uses advertising to promote its programs. The cost of advertising is expensed as incurred. Advertising cost for 2018 is \$1,928.

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 Events:

The Organization has evaluated subsequent events through September 24, 2019, the date which the financial statements were available to be issued.

Note 3 – Cash:

Restricted Cash:

Funded Depreciation fund is an interest bearing checking account held in reserve for emergency capital expenditures and replacement of firefighting equipment. The fire service contract require the

New Washington Volunteer Fire Department Inc
Notes to the Financial Statements
December 31, 2018

Cash:

Consists of five 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, 2018 is \$164,357.

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	\$182,850
Less those unavailable for general expenditures within one year, due to:	
Contract restricted for repairs or capital expenditures	<u>18,493</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$164,357</u>

As part of the Organization’s liquidity management, cash in excess of daily requirements is 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 \$376,048 for 2018, 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 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.	\$26,592
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>349,456</u>
Total	<u>376,048</u>
Less current portion	<u>55,357</u>
	<u>\$320,691</u>

New Washington Volunteer Fire Department Inc
Notes to the Financial Statements
December 31, 2018

Expected maturities of long-term debt as of December 31, 2018 are as follows:

2019	\$55,357
2020	30,074
2021	31,442
2022	32,873
2023	34,369
Thereafter	191,933
	<u>\$376,048</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 – 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, 2018 the Organization received 77 percent of its revenue from the New Washington Fire Protection District of Clark County, Indiana.