

**WHITE CASTLE VOLUNTEER FIRE DEPARTMENT, INC.**

White Castle, Louisiana

**FINANCIAL REPORT**

(Compiled)

September 30, 2013

**WHITE CASTLE VOLUNTEER FIRE DEPARTMENT, INC.**  
White Castle, Louisiana

**TABLE OF CONTENTS**

September 30, 2013

	<u>Exhibit</u>	<u>Page</u>
<b>INDEPENDENT ACCOUNTANTS' COMPILATION REPORT</b>		1
<b>FINANCIAL STATEMENTS</b>		
Statements of Financial Position	A	2
Statements of Activities	B	3
Statements of Cash Flows	C	4
Notes to Financial Statements	D	5



## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
White Castle Volunteer Fire Department, Inc.  
White Castle, Louisiana

We have compiled the accompanying statements of financial position of the **WHITE CASTLE VOLUNTEER FIRE DEPARTMENT, INC.** (a non-profit organization) (Department) as of September 30, 2013 and 2012, and the related statements of activities, and cash flows for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilations in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

A handwritten signature in cursive script that reads 'Faulk &amp; Winkler, LLC'.

Certified Public Accountants

Baton Rouge, Louisiana  
December 27, 2013

**WHITE CASTLE VOLUNTEER FIRE DEPARTMENT, INC.**

White Castle, Louisiana

**STATEMENTS OF FINANCIAL POSITION**

September 30, 2013 and 2012

(See Independent Accountants' Compilation Report)

**ASSETS**

	<u>2013</u>	<u>2012</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 29,744	\$ 29,784
Certificates of deposit	45,098	44,960
Due from other governments	<u>10,291</u>	<u>11,777</u>
Total current assets	85,133	86,521
<b>PROPERTY AND EQUIPMENT- net</b>	<u>130,538</u>	<u>175,151</u>
Total assets	<u>\$ 215,671</u>	<u>\$ 261,672</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 31,236	\$ 32,551
Accounts payable	<u>13,093</u>	<u>7,042</u>
Total current liabilities	44,329	39,593
<b>LONG-TERM DEBT - net of current portion</b>	<u>-</u>	<u>31,236</u>
Total liabilities	44,329	70,829
<b>NET ASSETS - unrestricted</b>	<u>171,342</u>	<u>190,843</u>
Total liabilities and net assets	<u>\$ 215,671</u>	<u>\$ 261,672</u>

The accompanying notes to the financial statements  
are an integral part of this statement.

## WHITE CASTLE VOLUNTEER FIRE DEPARTMENT, INC.

White Castle, Louisiana

### STATEMENTS OF ACTIVITIES

For the years ended September 30, 2013 and 2012

(See Independent Accountants' Compilation Report)

	2013	2012
<b>REVENUES AND SUPPORT</b>		
Sales tax proceeds	\$ 149,811	\$ 134,558
Contributed support	28,812	17,357
Contributions from Bayou Goula Volunteer Fire Department & Rescue Services, Inc.	4,658	6,812
Interest	316	790
Donations	800	500
Tax rebate	-	361
	184,397	160,378
<b>EXPENSES</b>		
Depreciation	58,116	65,422
Contributed support	28,812	17,357
Maintenance	27,260	18,993
Supplies	26,546	25,500
Office	20,294	20,675
Training	17,308	406
Compensation	14,769	18,360
Interest	3,145	4,798
Other	7,648	1,363
	203,898	172,874
Decrease in net assets	(19,501)	(12,496)
<b>NET ASSETS</b>		
Beginning of year	190,843	203,339
End of year	\$ 171,342	\$ 190,843

The accompanying notes to the financial statements  
are an integral part of this statement.

**WHITE CASTLE VOLUNTEER FIRE DEPARTMENT, INC.**  
White Castle, Louisiana

**STATEMENTS OF CASH FLOWS**

For the years ended September 30, 2013 and 2012

(See Independent Accountants' Compilation Report)

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (19,501)	\$ (12,496)
Adjustments to non-cash items:		
Depreciation	58,116	65,422
Change in operating assets and liabilities:		
Due from other governments	1,486	(739)
Accounts payable	<u>6,051</u>	<u>(1,431)</u>
Net cash provided by operating activities	<u>46,152</u>	<u>50,756</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(13,503)	(17,791)
Investments in certificate deposits	<u>(138)</u>	<u>(153)</u>
Net cash used by investing activities	<u>(13,641)</u>	<u>(17,944)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment on long-term debt, including capital leases	<u>(32,551)</u>	<u>(36,501)</u>
Net decrease in cash	(40)	(3,689)
<b>CASH</b>		
Beginning of year	<u>29,784</u>	<u>33,473</u>
End of year	<u>\$ 29,744</u>	<u>\$ 29,784</u>
<b>SUPPLEMENTAL DATA:</b>		
Interest paid	<u>\$ 3,145</u>	<u>\$ 4,798</u>

The accompanying notes to the financial statements  
are an integral part of this statement.

**WHITE CASTLE VOLUNTEER FIRE DEPARTMENT, INC.**  
White Castle, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

(See Independent Accountants' Compilation Report)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Operations**

White Castle Volunteer Fire Department, Inc. (Department) is a non-profit corporation that provides fire protection, emergency medical service, and hazardous materials handling to the citizens of the Town of White Castle (the Town) and its outlying areas. The Department has entered into certain transactions, described below, with the Town to provide these services.

**Basis of accounting**

The Department maintains its financial statements and related records on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable and expenses are recognized in the period incurred, if measurable.

The Department reports information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Department does not have any temporarily or permanently restricted net assets at September 30, 2013 and 2012.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation and contributed support in these financial statements.

**Income Taxes**

The Department is a not-for-profit organization that is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Department follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly, has not recognized a liability for any unrecognized tax benefits. The Department's open audit periods are 2009 through 2013.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Revenue recognition**

The Department is primarily funded by an allocation of dedicated parish-wide sales tax proceeds. Supplementary funding is provided by donations solicited from the general public, local businesses, and civic organizations, which is recognized as received.

### **Cash and cash equivalents**

For purposes of the statement of cash flows, the Department considers cash in bank accounts as cash. Cash equivalents include investments with original maturities of three months or less. The Department has no cash equivalents at September 30, 2013 and 2012. The Department typically maintains cash at a local bank that may, at times, exceed the FDIC limits. Management believes the risk is limited.

### **Certificates of deposit**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Fair Value Measurements* (ASC 820), establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs (sources of pricing information) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Department has the ability to access.

Level 2 – Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement.

Certificates of deposit are recorded at cost, which approximates fair market value using level 2 inputs.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair value of financial instruments**

The carrying value of cash, due from Iberville Parish Council, and accounts payable approximates fair value due to the short-term maturity of these instruments. The carrying value of short and long-term debt approximates fair value based on the current rates offered for debt of comparable maturities and collateral requirements. Financial instruments are not held for trading purposes.

**Property, equipment, and depreciation**

Equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated service lives of the assets.

**NOTE 2 - CERTIFICATES OF DEPOSIT**

At September 30, 2013 and 2012, the Department held certificates of deposit (CD) with a market value and cost of \$45,098 and \$44,960, respectively. Interest earnings are reinvested into the CD, and therefore, fair market value equals the cost of the investment.

**NOTE 3 - PROPERTY AND EQUIPMENT**

A summary of property and equipment, related service lives, and accumulated depreciation at September 30, 2013 and 2012, is as follows:

<u>Description</u>	<u>Estimated Service Lives</u>	<u>2013</u>	<u>2012</u>
Equipment	3-7 years	\$ 411,713	\$ 406,567
Fire trucks - pledged	10 years	349,668	349,668
Buildings and improvements	30 years	104,798	102,998
Training facility	15-30 years	46,325	39,768
Vehicles	5 years	20,655	20,655
Land improvements	10 years	8,460	8,460
		941,619	928,116
Less accumulated depreciation		<u>(811,082)</u>	<u>(752,965)</u>
		<u>\$ 130,538</u>	<u>\$ 175,151</u>

Depreciation expense was \$58,116 and \$65,422 for the years ended September 30, 2013 and 2012, respectively.

A fire truck was purchased during 2004 for \$220,309, under a capital lease arrangement. Amortization of such equipment is included in depreciation expense. Accumulated amortization for such equipment was \$200,115 and \$178,084 at September 30, 2013 and 2012, respectively.

**NOTE 4 - ECONOMIC DEPENDENCY**

The Department derives a significant portion of its revenues from a dedicated parish-wide sales tax, the loss of which would have a material adverse affect. During the years ended September 30, 2013 and 2012, revenue derived from governmental sources (the Iberville Parish Council and the Town of White Castle) accounted for approximately 97% and 95%, respectively, of total revenue.

**NOTE 5 - LONG-TERM DEBT**

A summary of long-term debt at September 30, 2013 and 2012 is as follows:

	2013	2012
Lease payable in annual installments of \$27,938, including interest at 4.57%, maturing in September 2014, secured by a vehicle.	\$ 26,721	\$ 52,270
Note payable in monthly installments of \$576, including interest at 5.25%, maturing in May 2014, secured by the deposit accounts. Bayou Goula Volunteer Fire & Rescue Services, (Bayou Goula) and the Department were co-signers on the loan. See Note 6.	4,515	11,008
Note payable in monthly installments of \$511, including interest at 6.00%, maturing in October 2012, secured by the deposit accounts. Bayou Goula and the Department were co-signers on the loan. See Note 6.	-	509
	31,236	63,787
Less current maturities	(31,236)	(32,551)
Long-term portion	\$ -	\$ 31,236

The lease payable will mature in 2014. There will be one final future minimum lease payment, inclusive of interest expense, of \$27,938; the interest component is \$1,217 and the annual payment is \$27,938.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

The Town supports the Department financially since it provides a service that would otherwise be supplied by the Town. The Town assumes certain costs and provides the facilities as well as equipment (with an original cost of approximately \$630,000, which is not included in the equipment described in Note 3) used by the Department.

The Town budgets an amount to be expended in support of the Department, primarily for maintenance, fuel and salary supplement. The amount of such expenditures in 2013 and 2012 was \$28,812 and \$17,357, respectively, and is included in the financial statements.

The Department receives allocated sales tax proceeds from the Iberville Parish Council in exchange for providing fire protection to certain areas of the Parish extending beyond city limits.

The Department is co-signer on debt with Bayou Goula (See Note 5). The first loan was obtained in 2009 to finance a training facility that is utilized by both entities. The loan has been recorded in the Department's financial statements since all proceeds and construction disbursements were recorded by the Department. Bayou Goula pays for one - half of the monthly debt service. These payments have been recorded in the financial statements as a contribution from Bayou Goula to the Department, and totaled \$3,458 and \$3,746 for the years ended September 30, 2013 and 2012, respectively. This loan will mature in 2014.

The second loan was obtained in 2010 to finance a vehicle utilized by both entities. The loan has been recorded in the Department's financial statements. Bayou Goula pays one - half of the monthly debt service and the payments have been recorded in the financial statements as a contribution to the Department, and totaled \$1,455 and \$3,066 for the years ended September 30, 2013 and 2012, respectively. This loan was retired in 2013.

**NOTE 7 - SUBSEQUENT EVENTS**

In preparing the financial statements, the Department has evaluated events and transactions for potential recognition or disclosure through the date of the independent accountants' compilation report which is the date that the financial statements were available to be issued.