

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

**FINANCIAL REPORT**  
(Compiled)

September 30, 2016

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

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## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

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

### Compilation of the 2016 Financial Statements

Management is responsible for the accompanying financial statements of the **WHITE CASTLE VOLUNTEER FIRE DEPARTMENT, INC.** (a non-profit organization) (Department), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplementary information contained in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such supplementary information.

### Review of the 2015 Financial Statements

We have reviewed the accompanying financial statements of the Department, which comprise the statement of financial position as of September 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

*Management's Responsibility*

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 responsibility 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.

*Accountant's Responsibility*

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

*Accountant's Conclusion*

Based on our review, we were not aware of any material modifications that should be made to the accompanying financial statements for them to be in accordance with accounting principles generally accepted in the United States of America.

*Faulk & Winkler, LLC*

Certified Public Accountants

Baton Rouge, Louisiana  
March 29, 2017

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

White Castle, Louisiana

**STATEMENTS OF FINANCIAL POSITION**

September 30, 2016 and 2015

(See Independent Accountants' Compilation Report)

	<b>2016</b>	<b>2015</b>
	<b>(Compiled)</b>	<b>(Reviewed)</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 4,857	\$ 67,135
Certificates of deposit	54,627	52,429
Accounts receivable	3,200	9,000
Due from other governments	<u>15,928</u>	<u>5,034</u>
Total current assets	78,612	133,598
<b>PROPERTY AND EQUIPMENT- net</b>	<u>133,711</u>	<u>132,771</u>
Total assets	<u><u>\$ 212,323</u></u>	<u><u>\$ 266,369</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 16,301	\$ 9,862
<b>NET ASSETS - unrestricted</b>	<u>196,022</u>	<u>256,507</u>
Total liabilities and net assets	<u><u>\$ 212,323</u></u>	<u><u>\$ 266,369</u></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, 2016 and 2015

(See Independent Accountants' Compilation Report)

	<b>2016</b> <b>(Compiled)</b>	<b>2015</b> <b>(Reviewed)</b>
<b>REVENUES AND SUPPORT</b>		
Support from Iberville Parish Council	\$ 156,929	\$ 180,092
Contributed support from Town of White Castle	22,330	16,985
Donations	616	500
Interest and miscellaneous	9,696	4,259
Total revenues and support	<u>189,571</u>	<u>201,836</u>
<b>EXPENSES</b>		
Supplies	91,998	29,586
Maintenance	63,765	28,627
Office	27,646	25,751
Contributed support	22,330	16,985
Depreciation	19,086	13,964
Contracted services	14,963	3,535
Professional	4,400	3,100
Training	2,802	15,642
Other	3,066	2,713
Total expenses	<u>250,056</u>	<u>139,903</u>
Change in net assets	(60,485)	61,933
<b>NET ASSETS</b>		
Beginning of year	<u>256,507</u>	<u>194,574</u>
End of year	<u>\$ 196,022</u>	<u>\$ 256,507</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 CASH FLOWS**

For the years ended September 30, 2016 and 2015

(See Independent Accountants' Compilation Report)

	<u>2016</u> <u>(Compiled)</u>	<u>2015</u> <u>(Reviewed)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (60,485)	\$ 61,933
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,086	13,964
Change in operating assets and liabilities:		
Accounts receivable	5,800	(9,000)
Due from other governments	(10,894)	5,081
Accounts payable and accrued expenses	6,439	(460)
Net cash (used) provided by operating activities	<u>(40,054)</u>	<u>71,518</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(20,026)	(36,595)
Investments in certificate deposits	<u>(2,198)</u>	<u>(5,677)</u>
Net cash used by investing activities	<u>(22,224)</u>	<u>(42,272)</u>
Net (decrease) increase in cash	(62,278)	29,246
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>67,135</u>	<u>37,889</u>
End of year	<u>\$ 4,857</u>	<u>\$ 67,135</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.

The Department is dependent on support from the local community by enlisting volunteer labor to provide fire protection, emergency medical service, and hazardous materials handling 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, 2016 and 2015.

**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's open audit periods are 2013 through 2016.



**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, 2016 and 2015. The Department typically maintains cash at a local bank that may, at times, exceed the FDIC limits. Management believes the risk is limited.

**Fair value of financial instruments**

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 (continued)**

The carrying value of cash, accounts receivable, due from governments, and accounts payable and accrued expenses approximates fair value due to the short-term maturity of these instruments. 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.

**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' review report which is the date that the financial statements were available to be issued.

**NOTE 2 - CERTIFICATES OF DEPOSIT**

At September 30, 2016 and 2015, the Department held certificates of deposit (CD) with a market value and cost of \$54,627 and \$52,429, 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, 2016 and 2015, is as follows:

<u>Description</u>	<u>Estimated Service Lives</u>	<u>2016</u>	<u>2015</u>
Equipment	3-7 years	\$ 470,224	\$ 450,198
Fire trucks	10 years	349,668	349,668
Buildings and improvements	30 years	104,798	104,798
Training facility	15-30 years	54,768	54,768
Vehicles	5 years	20,655	20,655
Land improvements	10-15 years	<u>18,428</u>	<u>18,428</u>
		1,018,541	998,515
Less accumulated depreciation		<u>(884,830)</u>	<u>(865,744)</u>
		<u>\$ 133,711</u>	<u>\$ 132,771</u>

Depreciation expense was \$19,086 and \$13,964 for the years ended September 30, 2016 and 2015, respectively.

**NOTE 4 - ECONOMIC DEPENDENCY**

The Department derives a significant portion of its revenues from an allocation of a dedicated parish-wide sales tax, the loss of which would have a material adverse affect. During the years ended September 30, 2016 and 2015, revenue derived from governmental sources (the Iberville Parish Council and the Town of White Castle) accounted for approximately 95% and 98%, respectively, of total revenue.

**NOTE 5 - RELATED PARTY TRANSACTIONS**

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 Town supports the Department financially since it provides a service that would otherwise be funded 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 2016 and 2015 was \$22,330 and \$16,985, respectively, and is included in the financial statements.

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

White Castle, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND  
OTHER PAYMENTS TO AGENCY HEAD**

September 30, 2016

(Without Audit)

**Agency Head:** John Marque, Jr.

*No compensation paid from public funds.*