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October 28, 2014

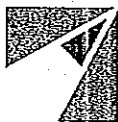
Board of Directors
Northeast Allen County Fire and EMS, Inc.
P.O. Box 428
Grabill, IN 46741

We have reviewed the audit report prepared by The Bair CPA Group, Inc., for the period January 1, 2012 to December 31, 2012. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Northeast Allen County Fire and EMS, Inc., as of December 31, 2012, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

NORTHEAST ALLEN COUNTY FIRE AND EMS, INC.
GRABILL, INDIANA
FINANCIAL STATEMENTS
DECEMBER 31, 2012



The Bair CPA Group, Inc.
Certified Public Accountants and Consultants
Fort Wayne, Indiana

NORTHEAST ALLEN COUNTY FIRE AND EMS, INC.

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The Bair CPA Group, Inc.

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS
NORTHEAST ALLEN COUNTY FIRE AND EMS, INC.
GRABILL, INDIANA

DEAR BOARD OF DIRECTORS:

WE HAVE AUDITED THE ACCOMPANYING FINANCIAL STATEMENTS OF NORTHEAST ALLEN COUNTY FIRE AND EMS, INC. (A NONPROFIT CORPORATION), WHICH COMPRISE THE STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2012 AND THE RELATED STATEMENTS OF ACTIVITIES AND CASH FLOWS FOR THE YEAR THEN ENDED.

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.

AUDITOR'S 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 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.

TO THE BOARD OF DIRECTORS
NORTHEAST ALLEN COUNTY FIRE AND EMS, INC.
PAGE TWO

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 NORTHEAST ALLEN COUNTY FIRE AND EMS, INC. AS OF DECEMBER 31, 2012, 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.

OCTOBER 11, 2013

The Bair CPA Group, Inc.

THE BAIR CPA GROUP, INC.
FORT WAYNE, INDIANA

NORTHEAST ALLEN COUNTY FIRE AND EMS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

ASSETS

CASH AND CASH EQUIVALENTS	\$ 375,207	
SHORT TERM INVESTMENTS	298,077	
CONTRACTS RECEIVABLE	24,500	
PROPERTY AND EQUIPMENT (NET OF ACCUMULATED DEPRECIATION OF \$808,885)	<u>220,687</u>	
<u>TOTAL ASSETS</u>		<u>\$ 918,471</u>

LIABILITIES AND NET ASSETS

<u>LIABILITIES</u>		
ACCOUNTS PAYABLE	\$ 21,825	
ACCRUED AND WITHHELD PAYROLL TAXES	<u>5,022</u>	
<u>TOTAL LIABILITIES</u>		\$ 26,847
<u>NET ASSETS</u>		
UNRESTRICTED		<u>891,624</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>		<u>\$ 918,471</u>

SEE INDEPENDENT AUDITOR'S REPORT AND NOTES TO FINANCIAL STATEMENTS.

NORTHEAST ALLEN COUNTY FIRE AND EMS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012

	<u>UNRESTRICTED</u>	
<u>REVENUES AND OTHER SUPPORT</u>		
GOVERNMENT CONTRACTS FOR SERVICES	\$ 194,016	
GRANTS FOR PARAMEDIC OPERATION	162,245	
CONTRIBUTIONS	114,074	
FIRE AND EMS RUNS	197,046	
FUND RAISING ACTIVITIES (NET OF EXPENSES OF \$5,409)	8,331	
INTEREST INCOME	4,325	
OTHER INCOME	<u>681</u>	
<u>TOTAL REVENUES AND OTHER SUPPORT</u>		\$ 680,718
 <u>EXPENSES</u>		
BILLING SERVICE	\$ 14,260	
COMMUNITY SERVICE AND FIRE PREVENTION	2,412	
DEPRECIATION	41,550	
DUES AND SUBSCRIPTIONS	1,340	
INSURANCE	41,701	
LEGAL AND PROFESSIONAL	26,337	
MISCELLANEOUS	2,782	
OFFICE SUPPLIES	4,208	
POINTS	9,773	
REPAIRS AND MAINTENANCE – BUILDINGS	1,469	
REPAIRS AND MAINTENANCE – EQUIPMENT AND TRUCKS	36,262	
SALARIES AND WAGES	198,282	
SMALL EQUIPMENT AND FIRE GEAR	3,196	
SUPPLIES – EMS AND PARAMEDIC SERVICES	64,314	
TAXES – PAYROLL	17,357	
TELEPHONE AND PAGERS	9,621	
TRAINING AND EDUCATION	2,576	
TRUCK FUEL	21,986	
UTILITIES	12,955	
VOLUNTEER EXPENSES	<u>5,953</u>	
<u>TOTAL EXPENSES</u>		<u>518,334</u>
<u>INCREASE IN NET ASSETS</u>		\$ 162,384
<u>NET ASSETS - BEGINNING</u>		<u>729,240</u>
<u>NET ASSETS - ENDING</u>		<u>\$ 891,624</u>

SEE INDEPENDENT AUDITOR'S REPORT AND NOTES TO FINANCIAL STATEMENTS.

NORTHEAST ALLEN COUNTY FIRE AND EMS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
INCREASE IN NET ASSETS	\$ 162,384
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATIONS:	
DEPRECIATION	41,550
INTEREST INCOME - INVESTMENTS	(3,805)
(INCREASE) IN OPERATING ASSETS:	
ACCOUNTS RECEIVABLE	(24,500)
INCREASE IN OPERATING LIABILITIES:	
ACCOUNTS PAYABLE	21,825
ACCRUED AND WITHHELD PAYROLL TAXES	<u>1,391</u>
 <u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	 \$ 198,845
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
PURCHASE OF INVESTMENTS	\$ (150,000)
PURCHASES OF EQUIPMENT	(102,547)
PROCEEDS FROM INVESTMENTS	<u>0</u>
 <u>NET CASH (USED IN) INVESTING ACTIVITIES</u>	 (252,547)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
	<u>0</u>
 <u>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	 \$ (53,702)
 <u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	 <u>428,909</u>
 <u>CASH AND CASH EQUIVALENTS - ENDING</u>	 <u>\$ 375,207</u>

SEE INDEPENDENT AUDITOR'S REPORT AND NOTES TO FINANCIAL STATEMENTS.

NORTHEAST ALLEN COUNTY FIRE AND EMS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

NORTHEAST ALLEN COUNTY FIRE AND EMS PROVIDED BASIC EMERGENCY SERVICES TO THE RESIDENTS OF NORTHEASTERN ALLEN COUNTY. THE ORGANIZATION BEGAN PROVIDING SERVICES TO THE COMMUNITY ON A CONTINUAL TWENTY-FOUR HOUR, SEVEN DAYS PER WEEK, BASIS IN AUGUST 2011. IN JULY 2012, THE ORGANIZATION RAISED ITS LEVEL OF EMERGENCY MEDICAL CARE FROM A DAYTIME STAFFED, NIGHTTIME VOLUNTEER SERVICE, TO AN AROUND-THE-CLOCK STAFFED PARAMEDIC SERVICE. PARAMEDIC SERVICE IS THE HIGHEST LEVEL OF PRE-HOSPITAL CARE AVAILABLE. FIREHOUSES ARE LOCATED IN THE TOWN OF GRABILL, THE TOWN OF HARLAN AND CEDAR CANYON TOWNSHIP AND ARE MAINTAINED BY THE ORGANIZATION. MANY LOCAL TOWNSHIPS HAVE GOVERNMENT CONTRACTS WITH THE FIRE STATIONS INCLUDING CEDARVILLE, CEDAR CANYONS, MILAN, PERRY, SCIPIO AND SPRINGFIELD. REVENUE IS ALSO RECEIVED FROM FIRE AND EMS RUNS, PRIVATE DONATIONS, FUND RAISING EVENTS AND OTHER MISCELLANEOUS ACTIVITIES IN THE COMMUNITY.

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.

BASIS OF PRESENTATION

THE FINANCIAL STATEMENT PRESENTATION FOLLOWS THE RECOMMENDATIONS OF THE FINANCIAL ACCOUNTING STANDARDS BOARD TO REPORT INFORMATION REGARDING ITS FINANCIAL POSITION AND ACTIVITIES ACCORDING TO THREE CLASSES OF NET ASSETS; UNRESTRICTED NET ASSETS, TEMPORARILY RESTRICTED NET ASSETS, AND PERMANENTLY RESTRICTED NET ASSETS. THERE WERE NO RESTRICTED NET ASSETS AT DECEMBER 31, 2012.

ACCOUNTS RECEIVABLE

ACCOUNTS RECEIVABLES ARE RECORDED AT COST LESS AN ALLOWANCE FOR DOUBTFUL ACCOUNTS. THE ALLOWANCE FOR DOUBTFUL ACCOUNTS REPRESENTS MANAGEMENT'S BEST ESTIMATE OF PROBABLE LOSSES INHERENT IN THE ACCOUNTS RECEIVABLE BALANCE AND IS BASED ON THE MANAGEMENT'S HISTORICAL EXPERIENCE, KNOWN TROUBLED ACCOUNTS AND EXISTING ECONOMIC CONDITIONS. THE COLLECTIBILITY OF ITS ACCOUNTS RECEIVABLE IS EVALUATED ON A PER CUSTOMER BASIS.

MANAGEMENT DOES NOT ACCRUE INTEREST ON RECEIVABLES. ACCOUNTS WILL BE WRITTEN OFF ONLY AFTER MANAGEMENT HAS EXPIRED ALL MEANS OF COLLECTION.

PROPERTY AND EQUIPMENT

MAJOR PURCHASES WITH A USEFUL LIFE OF ONE OR MORE YEARS ARE CAPITALIZED AS EQUIPMENT AND ARE CARRIED AT COST. MINOR ITEMS, EXPENDITURES FOR EQUIPMENT MAINTENANCE AND REPAIRS ARE EXPENSED WHEN INCURRED.

DEPRECIATION IS COMPUTED BY THE STRAIGHT-LINE METHOD AT RATES ADEQUATE TO RECOVER THE COST OF THE APPLICABLE ASSETS OVER THEIR ESTIMATED USEFUL LIVES. UPON SALE OR RETIREMENT OF EQUIPMENT, THE COST AND RELATED ACCUMULATED DEPRECIATION ARE REMOVED FROM THE RESPECTIVE ACCOUNTS, AND THE RESULTING GAIN OR LOSS IS INCLUDED IN INCOME.

NORTHEAST ALLEN COUNTY FIRE AND EMS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT (CONTINUED)

DONATIONS OF PROPERTY AND EQUIPMENT ARE RECORDED AS SUPPORT AT THEIR ESTIMATED FAIR VALUE. SUCH DONATIONS ARE REPORTED AS UNRESTRICTED SUPPORT UNLESS THE DONOR HAS RESTRICTED THE DONATED ASSET TO A SPECIFIC PURPOSE. ASSETS DONATED WITH EXPLICIT RESTRICTIONS REGARDING THEIR USE AND CONTRIBUTIONS OF CASH THAT MUST BE USED TO ACQUIRE PROPERTY AND EQUIPMENT ARE REPORTED AS RESTRICTED SUPPORT. ABSENT DONOR STIPULATIONS REGARDING HOW LONG THOSE DONATED ASSETS MUST BE MAINTAINED, THE ORGANIZATION REPORTS EXPIRATIONS OF DONOR RESTRICTIONS WHEN THE DONATED OR ACQUIRED ASSETS ARE PLACED IN SERVICE AS INSTRUCTED BY THE DONOR. THE ORGANIZATION RECLASSIFIES TEMPORARILY RESTRICTED NET ASSETS TO UNRESTRICTED NET ASSETS AT THAT TIME.

FAIR VALUE

THE FAIR VALUE OF A FINANCIAL INSTRUMENT IS THE AMOUNT AT WHICH THE INSTRUMENT COULD BE EXCHANGED IN A CURRENT TRANSACTION BETWEEN WILLING PARTIES. THE CARRYING AMOUNTS USED IN THESE FINANCIAL STATEMENTS FOR CASH AND CASH EQUIVALENTS, ACCOUNTS RECEIVABLE, SHORT TERM INVESTMENTS AND ACCRUED AND WITHHELD PAYROLL TAXES APPROXIMATES FAIR VALUE.

RECOGNITION OF DONOR RESTRICTIONS

SUPPORT THAT IS RESTRICTED BY THE DONOR IS REPORTED AS AN INCREASE IN UNRESTRICTED NET ASSETS IF THE RESTRICTION EXPIRES IN THE REPORTING PERIOD IN WHICH THE SUPPORT IS RECOGNIZED. ALL OTHER DONOR-RESTRICTED SUPPORT IS REPORTED AS AN INCREASE IN TEMPORARILY OR PERMANENTLY RESTRICTED NET ASSETS DEPENDING ON THE NATURE OF THE RESTRICTION. WHEN A RESTRICTION EXPIRES, TEMPORARILY RESTRICTED NET ASSETS ARE RECLASSIFIED TO UNRESTRICTED NET ASSETS.

CASH AND CASH EQUIVALENTS

FOR PURPOSES OF THE STATEMENT OF CASH FLOWS, THE ORGANIZATION CONSIDERS ALL HIGHLY LIQUID INVESTMENTS WITH AN INITIAL MATURITY OF THREE MONTHS OR LESS TO BE CASH EQUIVALENTS.

CONCENTRATION OF CREDIT RISK

THE ORGANIZATION ROUTINELY MAINTAINS ITS CASH BALANCES WITH ONE FINANCIAL INSTITUTION LOCATED IN NORTHEASTERN INDIANA. THE BALANCES ARE INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION. THE ORGANIZATION HAS NOT EXPERIENCED ANY LOSSES IN SUCH ACCOUNTS AND BELIEVES IT IS NOT EXPOSED TO ANY SIGNIFICANT CREDIT RISK ON CASH AND CASH EQUIVALENTS.

INCOME TAXES

THE ORGANIZATION IS A NOT-FOR-PROFIT CORPORATION EXEMPT FROM FEDERAL INCOME TAXES UNDER SECTION 501(c)(3) OF THE INTERNAL REVENUE CODE.

ORGANIZATION'S REVIEW OF SUBSEQUENT EVENTS

THE ORGANIZATION HAS EVALUATED SUBSEQUENT EVENTS THROUGH THE DATE OF ISSUANCE OF THESE FINANCIAL STATEMENTS, OCTOBER 11, 2013. THERE WERE NO EVENTS THAT NEEDED TO BE RECOGNIZED IN THESE FINANCIAL STATEMENTS.

NORTHEAST ALLEN COUNTY FIRE AND EMS, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2012

NOTE 2 – SHORT TERM INVESTMENT

THE ORGANIZATION'S SHORT TERM INVESTMENTS ARE CERTIFICATE S OF DEPOSITS HELD AT IAB FINANCIAL BANK ON DECEMBER 31, 2012 AS FOLLOWS:

TWO CERTIFICATES	
MATURING JULY 2015, 1.3%	\$ <u>298,077</u>

NOTE 3 – PROPERTY AND EQUIPMENT

PROPERTY AND EQUIPMENT OWNED BY THE ORGANIZATION IS AS FOLLOWS:

COST:	
BUILDING IMPROVEMENTS	\$ 21,746
FIRE AND SAFETY EQUIPMENT	204,716
OTHER EQUIPMENT	50,839
TRANSPORTATION EQUIPMENT	<u>752,271</u>
TOTAL	\$ 1,029,572
LESS ACCUMULATED DEPRECIATION	<u>808,885</u>
PROPERTY AND EQUIPMENT – NET	\$ <u>220,687</u>

DEPRECIATION EXPENSE FOR 2012 WAS \$41,550.

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

THE FINANCIAL ACCOUNTING STANDARD FOR FAIR VALUE MEASUREMENTS DEFINES FAIR VALUE AS THE PRICE THAT WOULD BE RECEIVED FOR AN ASSET OR PAID TO TRANSFER A LIABILITY (AN EXIT PRICE) IN NORTHEAST ALLEN COUNTY FIRE AND EMS, INC.'S PRINCIPAL OR MOST ADVANTAGEOUS MARKET FOR THE ASSET OR LIABILITY IN AN ORDERLY TRANSACTION BETWEEN MARKET PARTICIPANTS ON THE MEASUREMENT DATE.

A FAIR VALUE HIERARCHY WAS ESTABLISHED WHICH REQUIRES AN ENTITY TO MAXIMIZE THE USE OF OBSERVABLE INPUTS AND MINIMIZE THE USE OF UNOBSERVABLE INPUTS WHEN MEASURING FAIR VALUE. THE STANDARD DESCRIBES THREE LEVELS OF INPUTS THAT MAY BE USED TO MEASURE FAIR VALUE:

LEVEL 1: QUOTED PRICES FOR IDENTICAL ASSETS OR LIABILITIES IN ACTIVE MARKETS THAT THE ENTITY HAS THE ABILITY TO ACCESS AS OF THE MEASUREMENT DATE.

LEVEL 2: SIGNIFICANT OTHER OBSERVABLE INPUTS OTHER THAN LEVEL 1 PRICES SUCH AS QUOTED PRICES FOR SIMILAR ASSETS OR LIABILITIES; QUOTED PRICES IN MARKETS THAT ARE NOT ACTIVE; OR OTHER INPUTS THAT ARE OBSERVABLE OR CAN BE CORROBORATED BY OBSERVABLE MARKET DATA.

LEVEL 3: SIGNIFICANT UNOBSERVABLE INPUTS THAT REFLECT A REPORTING ENTITY'S OWN ASSUMPTIONS ABOUT THE ASSUMPTIONS THAT MARKET PARTICIPANTS WOULD USE IN PRICING AN ASSET OR LIABILITY.

NORTHEAST ALLEN COUNTY FIRE AND EMS, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2012

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

IN MANY CASES, A VALUATION TECHNIQUE USED TO MEASURE FAIR VALUE INCLUDES INPUTS FROM MULTIPLE LEVELS OF THE FAIR VALUE HIERARCHY. THE LOWEST LEVEL OF SIGNIFICANT INPUT DETERMINES THE PLACEMENT OF THE ENTIRE FAIR VALUE MEASUREMENT IN THE HIERARCHY.

THE FOLLOWING TABLE PRESENTS NORTHEAST ALLEN COUNTY FIRE AND EMS, INC.'S FAIR VALUE HIERARCHY FOR THE FINANCIAL ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS:

	<u>FAIR VALUE</u>	<u>QUOTED PRICES ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)</u>
SHORT TERM INVESTMENTS - CERTIFICATES OF DEPOSIT	<u>\$ 298,077</u>	<u>\$ 298,077</u>

NOTE 5 - OPERATING LEASES

THE ORGANIZATION CURRENTLY OPERATES OUT OF THREE FIRE STATIONS; GRABILL, HARLAN AND CEDAR CANYONS. THE TOWN OF GRABILL ALLOWS FOR THE FIRE DEPARTMENT TO OPERATE OUT OF THEIR FIRE HOUSE RENT FREE WITH NO CONTRACTS OR AGREEMENTS IN PLACE. THE FIRE DEPARTMENT IS RESPONSIBLE FOR ALL REPAIRS AND MAINTENANCE ON THE BUILDING. THE TOWN OF HARLAN PROVIDES THE FIRE HOUSE RENT FREE AND THE TOWN PAYS FOR ALL MAINTENANCE AND REPAIRS.

CEDAR CREEK TOWNSHIP HAS A FIRE HOUSE (CEDAR CANYONS) THAT IS PROVIDED BY A LOCAL FAMILY AND THE ORGANIZATION HAS AN AGREEMENT IN WHICH THE FIRE HOUSE IS PROVIDED RENT FREE AS LONG AS THE BUILDING IS USED BY THE FIRE DEPARTMENT. IF THE USE OF THE BUILDING WERE TO CHANGE, THE LEASE AGREEMENT WOULD BE TERMINATED.

NO RENT EXPENSE WAS RECORDED IN RELATION TO ANY OF THESE FIREHOUSES.

NOTE 6 - DONATED SERVICES

DONATED SERVICES HAVE NOT BEEN REFLECTED IN THE STATEMENTS WHERE NO SPECIAL SKILLS ARE REQUIRED AND THE SERVICES DO NOT ENHANCE NON-FINANCIAL ASSETS. A NUMBER OF VOLUNTEERS HAVE DONATED THEIR TIME IN THE ORGANIZATION'S PROGRAM SERVICES AND IN ITS FUND-RAISING CAMPAIGNS, AND THOSE DONATED SERVICES HAVE NOT BEEN RECORDED.

NOTE 7 - UNCERTAIN TAX POSITIONS

MANAGEMENT HAS DETERMINED THAT THE ORGANIZATION DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS AND ASSOCIATED UNRECOGNIZED BENEFITS THAT MATERIALLY IMPACT THE FINANCIAL STATEMENTS OR RELATED DISCLOSURES.

SINCE TAX MATTERS ARE SUBJECT TO SOME DEGREE OF UNCERTAINTY, THERE CAN BE NO ASSURANCE THAT THE ORGANIZATION'S TAX RETURNS WILL NOT BE CHALLENGED BY THE TAXING AUTHORITIES AND THAT THE ORGANIZATION WILL NOT BE SUBJECT TO ADDITIONAL TAX, PENALTIES AND INTEREST AS A RESULT OF SUCH CHALLENGE. GENERALLY, THE ORGANIZATION'S TAX RETURNS REMAIN OPEN FOR THREE YEARS FOR FEDERAL INCOME TAX EXAMINATION AND THREE YEARS FOR INDIANA STATE INCOME TAX EXAMINATION.

