



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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February 2, 2024

Board of Directors
Osolo Township Volunteer Fire Department, Inc.
Elkhart County, Indiana

We have reviewed the audit report of Osolo Township Volunteer Fire Department, Inc., which was opined upon by Kruggel, Lawton & Company, LLC, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Osolo Township Volunteer Fire Department, Inc. as of December 31, 2020 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Kruggel, Lawton & Company, LLC 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.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner



ANNUAL REPORT
December 31, 2020

OSOLO TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

Elkhart, Indiana

ANNUAL REPORT
December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Osolo Township Volunteer Fire Department
Elkhart, Indiana

We have audited the accompanying financial statements of Osolo Township Volunteer Fire Department (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows 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 accounting principles generally accepted in the United States of America; and 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.

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.

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 Osolo Township Volunteer Fire Department, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully submitted,

A handwritten signature in blue ink that reads "Kussel, Fawcett & Company LLC". The signature is written in a cursive, flowing style.

Certified Public Accountants

Elkhart, Indiana
December 22, 2022

OSOLO TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

Elkhart, Indiana

STATEMENT OF FINANCIAL POSITIONDecember 31, 2020

ASSETS**CURRENT ASSETS**

Cash	112,663
Certificates of deposit	1,279,358
Prepaid insurance	52,209
Total Current Assets	1,444,230

PROPERTY AND EQUIPMENT

Land and land improvements	25,300
Buildings and building improvements	350,593
Equipment and vehicles	424,334
Software	2,687
Total	802,914
Accumulated depreciation	272,533
Net Property and Equipment	530,381

TOTAL ASSETS **1,974,611**

LIABILITIES AND NET ASSETS**CURRENT LIABILITIES**

Accrued expenses	15,993
Total Current Liabilities	15,993

TOTAL LIABILITIES **15,993**

NET ASSETS

Without donor restrictions	1,958,618
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TOTAL NET ASSETS **1,958,618**

TOTAL LIABILITIES AND NET ASSETS **1,974,611**

The Notes to Financial Statements are an integral part of this statement.

OSOLO TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.Elkhart, Indiana

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Contract revenue	1,223,470	0	1,223,470
Contributions	625	0	625
Donated use of assets	205,304	0	205,304
Donated services	42,112	0	42,112
Fundraising income	10,056	0	10,056
Other revenue	3,717	0	3,717
Interest income	27,147	0	27,147
Total Revenue	1,512,431	0	1,512,431
EXPENSES			
Educational programs	1,187,100	0	1,187,100
Supporting services:			
Management and general	154,788	0	154,788
Total Expenses	1,341,888	0	1,341,888
CHANGE IN NET ASSETS	170,543	0	170,543
NET ASSETS, BEGINNING OF YEAR	1,788,075	0	1,788,075
NET ASSETS, END OF YEAR	1,958,618	0	1,958,618

The Notes to Financial Statements are an integral part of this statement.

OSOLO TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

Elkhart, Indiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020

	<u>Program Services</u>	<u>Mangaement and General</u>	<u>Total</u>
Payroll expenses	538,256	15,241	553,497
Health Insurance	155,241	4,396	159,637
Employee retirement fund	73,584	2,084	75,668
Payroll Taxes	40,968	1,160	42,128
Liability Insurance	0	53,474	53,474
Fire equipment and supplies	29,267	0	29,267
Vehicle expense	234,377	0	234,377
Radio	1,356	0	1,356
Office	0	12,206	12,206
Telephone	5,417	0	5,417
Professional fees	0	9,462	9,462
Building and ground	0	19,282	19,282
Utilities	0	12,650	12,650
Officer's monthly expenses	0	14,760	14,760
Fire prevention and education	2,345	0	2,345
Special fund	5,370	0	5,370
EMS	845	0	845
Miscellaneous	0	10,073	10,073
Fuel	6,491	0	6,491
Clothing allowance	35,000	0	35,000
Depreciation	58,583	0	58,583
TOTAL FUNCTIONAL EXPENSES	1,187,100	154,788	1,341,888

The Notes to Financial Statements are an integral part of this statement.

OSOLO TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.Elkhart, Indiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	170,543
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	58,583
Adjustments for changes in operating assets and liabilities:	
Certificates of deposit	27,147
Accounts receivable	557,253
Prepaid insurance	(9,301)
Accrued expenses	3,401

Net Cash Flows from Operating Activities	807,626
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CASH FLOWS USED IN INVESTING ACTIVITIES

Purchase of certificates of deposit	(697,274)
Purchase of property and equipment	(69,108)

Net Cash Flows used in Investing Activities	(766,382)
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CHANGE IN CASH	41,244
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CASH AT BEGINNING OF YEAR	71,419
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CASH AT END OF YEAR	112,663
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The Notes to Financial Statements are an integral part of this statement.

OSOLO TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NATURE OF BUSINESS

Osolo Township Fire Department, Inc. (the "Organization") is a nonprofit organization whose purpose is to provide fire protection to Osolo Township in Elkhart County, Indiana. The Organization is primarily funded through an annual contract with Osolo Township in Elkhart County, Indiana.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) on the accrual basis of accounting.

The Organization adheres to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, which sets standards for reporting on financial statements of nonprofit Organizations. ASC 958-205 requires the classification and presentation of net assets in two categories: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP 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

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. Cash is held at a local bank and is insured up to the limits of the FDIC. It is common throughout the course of operations for the Organization's cash balance to exceed the insured limit.

CERTIFICATES OF DEPOSIT

Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as short term. Certificates of deposit with remaining maturities greater than one year are classified as long term.

OSOLO TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

PROPERTY AND EQUIPMENT

The Organization capitalizes property and equipment over \$2,500; lesser amounts are expensed. Donations of property and equipment are recorded as current support at estimated fair value unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding 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. Net assets with donor restrictions are reclassified to net assets without donor restrictions at that time. The Organization did not receive any donor-restricted assets during the year ended December 31, 2020.

Purchased property and equipment are stated at cost. Expenditures for additions, improvements and replacements are added to the property and equipment accounts. Repairs and maintenance are charged to expense as incurred. When equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses arising from the disposition are reflected in income. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. Depreciation expense was \$58,583 for the year ended December 31, 2020.

A summary of the range of lives by asset category follows:

Land improvements	15 years
Building and building improvements	15 - 40 years
Equipment and vehicles	3 - 15 years
Software	3 years

REVENUE RECOGNITION

Contract revenue consists of payments made by Osolo Township to the Organization for its fire protection services. The contract amount is recognized as revenue over time in the year in which services are provided in accordance with the contract period. Contract payments are made twice a year, with the first half paid in July for services rendered from January through June and the second half paid in December for services rendered from July through December.

CONTRIBUTIONS

Contributions, including promises to give, are recorded when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the assets or at the time an unconditional promise to give is made.

Contributions are considered to be for current use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions are received.

OSOLO TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

CONTRIBUTED MATERIALS AND SERVICES

The Organization benefited from donated services of approximately \$42,000 relative to labor provided by volunteer fire fighters during the year ended December 31, 2020.

The Organization recorded revenue for the contributed use of fire equipment by Osolo Township in the amount of approximately \$205,000 for the year ended December 31, 2020. The vehicles and fire trucks provided by Osolo Township have an estimated cost value of approximately \$4,100,000.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the program and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated between program and supporting services based upon personnel time and space utilized for the related activities.

Expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and wages; employee benefits; payroll taxes	Square footage

Other expenses are assigned to the respective functional category by method of direct assignment.

INCOME TAXES

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service (IRS) has determined that the Organization is not a private foundation within the meaning of Section 509(a).

The Income Taxes Topic, FASB ASC 740, clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. ASC 740 requires an entity to disclose the nature of uncertain tax positions taken, if any, when filing its income tax return utilizing a two-step process to recognize and measure any uncertain tax positions taken. The entity recognizes a tax benefit only if it is more likely than not the position would be sustained in a tax examination, with a tax examination being presumed to occur. No tax benefit will be recorded on tax positions not meeting the more likely than not test. Interest and penalties accrued or incurred, if any, as a result of applying ASC 740 will be recorded to interest expense and other expense, respectively.

Based on its evaluation, the Organization has concluded that there are no uncertain tax positions requiring recognition in its financial statements. The Organization's evaluation was performed for all federal and state tax periods still subject to examination. The Organization's 2017 through 2019 federal and state exempt organization returns remain subject to examination by the IRS and state taxing authorities.

OSOLO TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

On May 28, 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and later, various subsequent amendments (collectively “ASC 606”). This standard outlines a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition, including industry-specific guidance. ASC 606 requires that revenue is recognized when a customer obtains control of a good or service, which is when a customer has the ability to direct the use of and obtain benefits of the good or service. The Organization adopted ASC 606 as of the year ended December 31, 2020 using the modified retrospective method to all contracts not completed as of January 1, 2020. The adoption of ASC 606 did not result in material change in the accounting for any revenue streams.

RECENT ACCOUNTING PRONOUNCEMENTS

On November 17, 2016, the FASB issued ASU 2016-18, *Restricted Cash (Topic 230)* (“ASU 2016-18”), which addresses classification and presentation of changes in restricted cash on the Statement of Cash Flows. ASU 2016-18 requires an entity’s reconciliation of the beginning-of-period and end-of-period total amounts shown on the Statement of Cash Flows to include in cash and cash equivalents amounts generally described as restricted cash and restricted cash equivalents. ASU 2016-18 is effective for public business entities for annual periods beginning after December 15, 2017 and interim periods within those fiscal years. It is effective for annual periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019 for all other entities. The Organization adopted ASU 2016-18 for the fiscal year ended December 31, 2020 using a retrospective transition method.

On June 21, 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The standard was intended to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. ASU 2018-08 is applied in the financial statements for the fiscal year ended December 31, 2020.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization has working capital of \$1,428,237 and average days cash on hand of 394 as of December 31, 2020.

The table below represents financial assets available for general expenditures within one year at December 31, 2020:

Cash	112,663
Certificates of deposit	1,279,358
Financial assets available to meet general expenditures within 1 year:	1,392,021

OSOLO TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 3 - CONCENTRATIONS

The Organization receives most of its operating support from its fee for service contract with Osolo Township to provide fire protection services to the township's residents. If the municipality decides not to renew its annual contract with the Organization or significantly reduces the Organization's allocated funds, the Organization would not be able to operate.

NOTE 4 - RETIREMENT PLAN

The Organization participates in the Indiana Public Employees Retirement Fund (P.E.R.F.). Employees are immediately eligible to contribute to the plan. Employees who work one year are eligible for contributions from the Organization. The Organization contributes 11.7% of the eligible employees' gross salary for the year to a trust. Contributions to the plan were \$75,668 for the year ended December 31, 2020.

NOTE 5 - COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continued to evolve in 2021. As such, the full magnitude that the pandemic would have on the Organization's financial condition, liquidity, and future results of operations was unknown at December 31, 2020. Management actively monitored the global situation and the impact on its financial condition, liquidity, operations, suppliers, industry, and workforce throughout 2021. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization had limited ability to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for year ending December 31, 2021. The pandemic had significantly subsided by 2022

NOTE 6 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 22, 2022, the date the financial statements were available to be issued. No events or transactions occurred during this period which require recognition or disclosure in the financial statements.