



STATE OF INDIANA
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June 3, 2009

Board of Directors
Cleveland Township Volunteer
Fire Department, Inc.
51233 County Rd. 5 N.
Elkhart, IN 46514

We have reviewed the audit report prepared by Weaver DeFreese, CPA, PC, Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. 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 the Cleveland Township Volunteer Fire Department, Inc., as of December 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report except for the impact of recording land and one building of appraised market value.

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

STATE BOARD OF ACCOUNTS

Cleveland Township Volunteer
Fire Department, Inc.

Financial Statements

Year Ended December 31, 2007

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Cleveland Township Volunteer Fire Department, Inc.

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CPA

WEAVER DEFREESE CPA PC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cleveland Township Volunteer Fire Department, Inc.
Elkhart, Indiana

We have audited the accompanying statement of financial position of Cleveland Township Volunteer Fire Department, Inc. (a nonprofit organization), as of December 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As disclosed in Note 1 to the financial statements, the organization has elected to record land and one building at appraised market value which is a departure from generally accepted accounting principles. Generally accepted accounting principles require that assets be recorded at the actual amount paid at the date of acquisition. The effect of the above departure as disclosed in Note 1 is not materially significant to the fair presentation of the financial statements.

In our opinion, except for the impact of recording land and one building at appraised market value, as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Cleveland Township Volunteer Fire Department, Inc., as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Weaver Defreese CPA PC
December 22, 2008

CLEVELAND TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2007

ASSETS

Current Assets	
Cash and cash equivalents	\$ 85,352
Short-term investments	34,203
Accounts receivable services, less allowance for doubtful accounts of \$20,937	38,475
Accounts receivable Cleveland Township Trustee	185,319
Prepaid Insurance	<u>19,321</u>
Total Current Assets	362,670
Property and Equipment, net	<u>422,616</u>
Total Assets	<u>\$ 785,286</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable and accrued expenses	\$ 39,727
Unrestricted Net Assets	
Unrestricted	322,943
Fixed assets	<u>422,616</u>
Total Unrestricted Net Assets	<u>745,559</u>
Total Liabilities and Net Assets	<u>\$ 785,286</u>

See accompanying notes and independent auditor's report.

CLEVELAND TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2007

UNRESTRICTED NET ASSETS

Revenues

Cleveland Township Trustee	\$ 483,927
Services fees	141,581
Grants	2,250
Gain on disposal of equipment	5,310
Investment income	10,748
Contributions	<u>6,182</u>
Total Revenues	649,998

Expenses

Depreciation	53,158
Education and training	2,317
Expense allowance	8,883
Gas and oil	10,181
Insurance	48,548
Miscellaneous	3,651
Office	3,115
Outside service	25,948
Bad debts	40,395
Payroll	416,442
Repairs and maintenance	33,799
Utilities	<u>17,039</u>
Total Expenses	<u>663,476</u>

Change in Unrestricted Net Assets < 13,478 >

Unrestricted Net Assets at Beginning of Year 759,037

Unrestricted Net Assets at End of Year \$ 745,559

See accompanying notes and independent auditor's report.

CLEVELAND TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2007

CASH FLOW FROM OPERATING ACTIVITIES:

Change in unrestricted net assets	\$ <13,478>
Adjustments to reconcile decrease in unrestricted net assets to net cash provided by operating activities:	
Depreciation	53,158
Increase in accounts receivable	<206,978>
Increase in prepaid insurance	< 19,321>
Decrease in accounts payable	< 46,100>
Gain on disposal of equipment	< 5,310>
Net Cash Used in Operating Activities	<u><238,029></u>

CASH FLOW FROM INVESTING ACTIVITIES:

Short-term investments, net	27,943
Purchase of property and equipment	<10,748>
Proceeds from sale of equipment	<u>6,312</u>
Net Cash Provided by Investing Activities	<u>23,507</u>

Net Decrease in Cash and Cash Equivalents <214,522>

Cash and Cash Equivalents at Beginning of Year 299,874

Cash and Cash Equivalents at End of Year \$ 85,352

Supplemental Data:

Interest Paid \$ -0-

See accompanying notes and independent auditor's report.

CLEVELAND TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Cleveland Township Volunteer Fire Department, Inc. was incorporated October 3, 1956, and is dedicated to providing fire protection and emergency medical services, primarily in Cleveland Township, Elkhart County, Indiana. The nonprofit organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. The organization submits annual financial reports to the Cleveland Township Trustee and the Indiana State Board of Accounts.

Basis of Accounting

The financial statements of Cleveland Township Volunteer Fire Department, Inc. have been prepared on the accrual basis.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amount. The company maintains its cash balances in one financial institution located in Elkhart, Indiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2007, the Organizations uninsured cash balances total \$15,490.

Investments

Investments are primarily composed of mutual funds investing in debt and equity securities and are carried at fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

CLEVELAND TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS CONTINUED

December 31, 2007

Accounts Receivable

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts at December 31, was \$20,937. Changes in the valuation allowance have not been material to the financial statements.

Property and Equipment

Property and equipment are stated as follows: land, building and improvements located at 29500 County Road 12, and land located at 51233 County Road 5, Elkhart, Indiana are stated at appraised market value, as appraised on March 23, 1991. All other property and equipment are stated at cost, except for donated items which are stated at fair market value at date of receipt. Property and equipment over \$250 are capitalized in the year purchased. Routine maintenance and repairs are charged to operating expenses as incurred. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows: buildings and improvements 15-40 years; equipment and vehicles 5-10 years. The organization also has unlimited use to one fire truck, one tanker truck, one ladder truck, and one ambulance, all of which are owned by Cleveland Township.

Revenues

During the year various financial assistance is received from the Cleveland Township Trustee. In addition, invoices for emergency medical services are invoiced when services are provided. The organization regularly applies for grants from various federal and state governmental agencies.

CLEVELAND TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENT CONTINUED

December 31, 2007

NOTE 2 - INVESTMENTS

Investments are stated at fair value and consist primarily of mutual funds and securities, as follows:

	Cost	Fair Value	Unrealized Appreciation
Various Fidelity advisor funds	<u>\$ 29,559</u>	<u>\$ 34,203</u>	<u>\$ 4,644</u>

Investment return is summarized as follows:

Interest income	\$ 2,701
Dividend and Capital Gain income	6,070
Net realized and unrealized income	<u>1,977</u>
Total Investment Income	<u>\$10,748</u>

NOTE 3 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment:

	Land	Buildings and Improvements	Equipment	Vehicles	Totals
Cost and other basis	\$ 20,793	\$ 374,783	\$ 501,238	\$ 366,076	\$1,262,890
Accum. Depreciation	<u>-</u>	< <u>135,360</u> >	< <u>357,218</u> >	< <u>347,696</u> >	< <u>840,274</u> >
Totals	<u>\$ 20,793</u>	<u>\$ 239,423</u>	<u>\$ 144,020</u>	<u>\$ 18,380</u>	<u>\$ 422,616</u>

CLEVELAND TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS CONTINUED

December 31, 2007

NOTE 4 - FINANCIAL ASSISTANCE

The organization received \$483,927 in financial assistance from the Cleveland Township Trustee and spent \$541,073 for fire protection and emergency medical services.

NOTE 5 - RETIREMENT PLAN

On October 10, 2002, the organization joined the Indiana Employees Retirement Fund (P.E.R.F.). All employees are eligible to participate by contributing 3% of their wages. The employer matches 6.75% of all participating employees' wages. For 2007, the organization contributed \$24,297.