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June 24, 2009

Board of Directors  
Lakes of the Four Seasons  
Volunteer Fire Force, Inc.  
745 W. 275 S.  
Hebron, IN 46341

We have reviewed the audit report prepared by Ramusack, White, CPAs, 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 Lakes of the Four Seasons Volunteer Fire Force, 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.

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

STATE BOARD OF ACCOUNTS

**LAKES OF THE FOUR**  
**SEASONS VOLUNTEER**  
**FIRE FORCE, INC.**

Financial Statements

December 31, 2007  
with comparative figures at December 31, 2006

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Hobart, Indiana 46342

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INDEPENDENT AUDITORS' REPORT

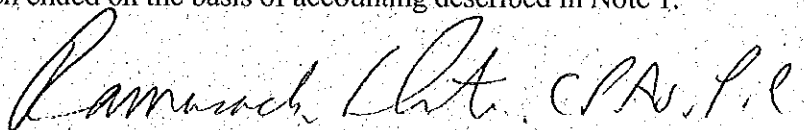
The Board of Directors  
Lakes of the Four Seasons Volunteer Fire Force, Inc.  
10645 Randolph Street  
Crown Point, IN 46307

We have audited the accompanying statement of assets, liabilities, and net assets – modified cash basis of the Lakes of the Four Seasons Volunteer Fire Force, Inc. (the Organization) at December 31, 2007 and December 31, 2006 and the related statements of revenue, expenses and changes in net assets, and cash flows – modified cash basis for the years 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

As described in Note 1, the Organization's policy is to prepare its financial statements using the modified cash-basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets of the Lakes of the Four Seasons Volunteer Fire Force, Inc. at December 31, 2007 and December 31, 2006 and its revenue, expenses, changes in net assets, and cash flows for the years then ended on the basis of accounting described in Note 1.



Hobart, Indiana  
October 21, 2008

LAKES OF THE FOUR SEASONSEXHIBIT AVOLUNTEER FIRE FORCE, INC.

Statement of Assets, Liabilities, and Net Assets -

Modified Cash Basis

Year ended December 31, 2007

with comparative figures from 2006

| <u>Assets</u>  | <u>2007</u>         | <u>2006</u>      | <u>Increase<br/>(Decrease)</u> |
|--|---------------------|------------------|--------------------------------|
| Current assets - cash  | \$ 34,552           | 138,807          | (104,255)                      |
| Property and equipment (note 2):   |                     |                  |                                |
| Furniture and fixtures   | 71,084              | 65,443           | 5,641                          |
| Smokehouse trailer   | 42,791              | 42,791           | -                              |
| Land and building - Lake County, Indiana   | 75,000              | 75,000           | -                              |
| Land and building - Porter County, Indiana   | 1,360,262           | 1,360,262        | -                              |
| Trucks and equipment   | 2,040,839           | 1,749,235        | 291,604                        |
|  | <u>3,589,976</u>    | <u>3,292,731</u> | <u>297,245</u>                 |
| Less accumulated depreciation  | <u>1,731,801</u>    | <u>1,557,958</u> | <u>173,843</u>                 |
| Total property and equipment   | <u>1,858,175</u>    | <u>1,734,773</u> | <u>123,402</u>                 |
| Total assets   | <u>1,892,727</u>    | <u>1,873,580</u> | <u>19,147</u>                  |
| <u>Liabilities and Net Assets</u>  |                     |                  |                                |
| Current liabilities:   |                     |                  |                                |
| Notes payable, amounts due in one year (note 2)  | 64,769              | 18,457           | 46,312                         |
| Payroll taxes withheld   | <u>1,213</u>        | <u>1,043</u>     | <u>170</u>                     |
| Total current liabilities  | <u>65,982</u>       | <u>19,500</u>    | <u>46,482</u>                  |
| Long-term liabilities - notes payable, less amounts reported as current liabilities (note 2) | <u>1,498,288</u>    | <u>1,278,891</u> | <u>219,397</u>                 |
| Net assets (Exhibit B)   | <u>328,457</u>      | <u>575,189</u>   | <u>(246,732)</u>               |
| Total liabilities and net assets   | \$ <u>1,892,727</u> | <u>1,873,580</u> | <u>19,147</u>                  |

See accompanying Independent Auditors' Report and Notes to Financial Statements

**LAKES OF THE FOUR SEASONS**  
**VOLUNTEER FIRE FORCE, INC.**

**EXHIBIT B**

Statement of Revenue, Expenses, and Changes in Net Assets -  
 Modified Cash Basis  
 Year ended December 31, 2007  
 with comparative figures from 2006

|  | <u>2007</u>       | <u>2006</u>    | Increase<br>(Decrease) |
|--|-------------------|----------------|------------------------|
| Revenue:                                 |                   |                |                        |
| Fire protection and EMS service (note 3) | \$ 476,162        | 585,420        | (109,258)              |
| Grant income                             | 5,400             | 127,425        | (122,025)              |
| Fund raising and donations               | 21,062            | 25,808         | (4,746)                |
| Subscriptions - membership fees          | 20,295            | 22,270         | (1,975)                |
| Interest earned                          | 180               | 256            | (76)                   |
| Other income                             | 12,096            | 7,584          | 4,512                  |
| Total revenue collected                  | <u>535,195</u>    | <u>768,763</u> | <u>(233,568)</u>       |
| Operating expenses:                      |                   |                |                        |
| Awards and recognitions                  | 1,479             | 2,531          | (1,052)                |
| Advertising (note 5)                     | 2,603             | 576            | 2,027                  |
| Depreciation                             | 173,843           | 187,700        | (13,857)               |
| Dues and subscriptions                   | 1,239             | 2,432          | (1,193)                |
| Education                                | 5,762             | 5,321          | 441                    |
| Emergency medical supplies               | 2,756             | 9,705          | (6,949)                |
| Insurance                                | 38,993            | 35,578         | 3,415                  |
| Interest expense (note 6)                | 73,903            | 76,445         | (2,542)                |
| Building repairs and maintenance         | 11,496            | 16,649         | (5,153)                |
| Equipment repairs and maintenance        | 13,402            | 5,653          | 7,749                  |
| Office expense                           | 5,823             | 3,830          | 1,993                  |
| Payroll taxes                            | 25,569            | 24,816         | 753                    |
| Postage                                  | 2,192             | 1,449          | 743                    |
| Professional fees                        | 17,197            | 18,660         | (1,463)                |
| Telephone                                | 6,992             | 7,708          | (716)                  |
| Tools and equipment                      | 19,733            | 10,122         | 9,611                  |
| Travel and lodging                       | 2,934             | 277            | 2,657                  |
| Uniforms and protective clothing         | 18,076            | 50,736         | (32,660)               |
| Utilities                                | 13,914            | 14,067         | (153)                  |
| Vehicle expense                          | 39,711            | 36,699         | 3,012                  |
| Wages                                    | 304,310           | 302,205        | 2,105                  |
| Total expenses                           | <u>781,927</u>    | <u>813,159</u> | <u>(31,232)</u>        |
| Decrease in net assets                   | (246,732)         | (44,396)       | (202,336)              |
| Net assets beginning of year             | <u>575,189</u>    | <u>619,585</u> | <u>(44,396)</u>        |
| Net assets, end of year                  | <u>\$ 328,457</u> | <u>575,189</u> | <u>(246,732)</u>       |

See accompanying Independent Auditors' Report and Notes to Financial Statements

**LAKES OF THE FOUR SEASONS**  
**VOLUNTEER FIRE FORCE, INC.**

**EXHIBIT C**

Statement of Cash Flows -  
Modified Cash Basis  
Year ended December 31, 2007  
with comparative figures from 2006

|  | <u>2007</u>      | <u>2006</u>     |
|--|------------------|-----------------|
| Cash flows from operating activities:  |                  |                 |
| Decrease in net assets (Exhibit B)   | \$ (246,732)     | (44,396)        |
| Adjustments to reconcile expenses in excess of revenues<br>to cash flows from operating activities - |                  |                 |
| Depreciation   | 173,843          | 187,700         |
| Payroll taxes withheld   | 170              | 77              |
| Net cash flows from operating activities   | <u>(72,719)</u>  | <u>143,381</u>  |
| Cash flows used by investing activities - acquisition of property<br>and equipment                   | <u>(297,245)</u> | <u>(94,182)</u> |
| Cash flows provided (used) by financing activities:  |                  |                 |
| Proceeds from debt   | 284,152          | -               |
| Payments to settle debt  | <u>(18,443)</u>  | <u>(49,680)</u> |
| Net cash provided (used) by financing activities   | <u>265,709</u>   | <u>(49,680)</u> |
| Decrease in cash   | (104,255)        | (481)           |
| Cash, beginning of year  | <u>138,807</u>   | <u>139,288</u>  |
| Cash, end of year  | <u>\$ 34,552</u> | <u>138,807</u>  |

**LAKES OF THE FOUR SEASONS**  
**VOLUNTEER FIRE FORCE, INC.**

**Notes to Financial Statements**  
**December 31, 2007**

1. Summary of Significant Accounting Policies

A summary of significant accounting policies of Lakes of the Four Seasons Volunteer Fire Force, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes, which follow, are representations of the Organization's management who is responsible for their integrity and objectivity.

Business activity. Lakes of the Four Seasons Volunteer Fire Force, Inc. an Indiana corporation, provides fire prevention, protection, and emergency medical treatment to residents of the Lakes of the Four Seasons and unincorporated communities in Lake and Porter Counties in northwest Indiana, including Winfield Township.

Basis of Accounting. The records of the Organization are maintained on the modified cash-basis of accounting and the accompanying statements have been prepared on that basis. Except for depreciation, all transactions are recognized as either revenue or expenses. Noncash transactions, except depreciation, are not recognized. The modified cash-basis differs from generally accepted accounting principles primarily because certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligations are incurred.

Estimates. The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results could differ from these estimates.

Property and equipment. Expenditures for property and equipment are capitalized and recorded at cost. When items are retired or otherwise disposed of, the appropriate accumulated depreciation account is charged for the accumulated depreciation applicable thereto and income is charged or credited with the difference between net book value and proceeds, if any, realized thereon. Ordinary maintenance and repairs are charged to income when acquired, while major replacements and betterments are capitalized.

Depreciation of property and equipment is computed by using the straight-line and accelerated methods over estimated service lives ranging from 5 to 7 years for furniture, trucks, and equipment, 15 years for land improvements, and 39 years for buildings.

**LAKES OF THE FOUR SEASONS**  
**VOLUNTEER FIRE FORCE, INC.**

**Notes to Financial Statements**  
**December 31, 2007**

1. Summary of Significant Accounting Policies (continued)

Income recognition. Income derived from all sources is recorded in the period in which it is received.

Contributed services. Many individuals volunteer their time to provide fire protection and other services to the Organization. No amount has been recorded for these services in the statement of revenues, expenses, and changes to net assets.

Income tax status. The Organization is a non-profit corporation with exempt status under section 501(a) of the Internal Revenue Code as a section 501(c)(3) organization.

2. Long-term Debt

The following notes payable were outstanding at December 31, 2007 and 2006:

| <u>Description</u>   | <u>2007</u>         | <u>2006</u>      |
|--|---------------------|------------------|
| Mortgage loan payable to a bank with interest at 5.65%, due \$23,086 quarterly, including interest, until August, 2035, secured by real estate | \$1,278,905         | 1,297,348        |
| Installment note to a bank with interest at 4.59%, due \$45,359 annually, plus interest, until July 2013, secured by equipment                 | <u>284,152</u>      | <u>-</u>         |
| Total long-term debt   | \$1,563,057         | 1,297,348        |
| Less current maturities  | <u>64,769</u>       | <u>18,457</u>    |
| Total long-term maturities   | \$ <u>1,498,288</u> | <u>1,278,891</u> |

Maturities of long-term debt during the five years ending December 31, 2012 are:

| <u>Year</u> | <u>Maturities</u> |
|-------------|-------------------|
| 2008        | \$ 64,769         |
| 2009        | 65,970            |
| 2010        | 67,146            |
| 2011        | 68,422            |
| 2012        | 69,742            |
| To maturity | <u>1,227,008</u>  |

**LAKES OF THE FOUR SEASONS**  
**VOLUNTEER FIRE FORCE, INC.**

**Notes to Financial Statements**  
**December 31, 2007**

3. Fire Protection Revenue

The Organization contracts with Winfield Township (Indiana) to provide fire prevention, protection, and emergency medical treatment. For year 2007 the total contract amount for these services was \$248,900. During year 2007 the Organization received \$174,182. The remaining unpaid balance of \$74,418 is in dispute and negotiations are underway to resolve this matter. Management is actively pursuing all means to collect the unpaid amount due.

4. Occupancy Expenses

The Organization occupies, at no charge, office and garage space (Station #2) owned by the Winfield Township, Indiana.

5. Advertising

Advertising costs are expensed as incurred and total \$2,603 and \$576 for the years ended December 31, 2007 and 2006, respectively.

6. Supplemental Disclosure of Cash Flow Information

Interest of \$73,905 and \$76,445 was paid during 2007 and 2006, respectively.