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August 19, 2009

Board of Directors
Lake Ridge Volunteer
Fire Department, Inc.
3955 W. 47th St.
Gary, IN 46408-2649

We have reviewed the audit report prepared by Joe Krnich & Associates, PC, Independent Public Accountants, for the period January 1, 2004 to December 31, 2004. 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 Lake Ridge Volunteer Fire Department, Inc., as of December 31, 2004, 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

Lake Ridge Volunteer Fire Department, Inc.

Financial Statements

For the Twelve Months Ended December 31, 2004

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lake Ridge Volunteer Fire Department, Inc.

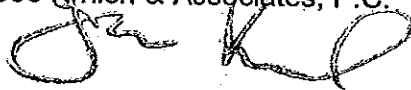
We have audited the accompanying statement of financial position of Lake Ridge Volunteer Fire Department, Inc. (a nonprofit organization) as of December 31, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the 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 described in note 1, these financial statements were prepared on the modified cash basis, 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 financial position of the Lake Ridge Volunteer Fire Department, Inc. as of December 31, 2004, and the changes in its net assets and its cash flows for the year then ended, on the basis of accounting described in note 1.

Joe Krnich & Associates, P.C.



Crown Point, IN
May 6, 2005

Lake Ridge Volunteer Fire Dept., Inc.
Statement of Assets & Liabilities & Fund Balance
Modified Cash Basis
As of December 31, 2004

ASSETS

CURRENT ASSETS

Cash	\$	29,143.35	
Cash-50/50 Account		<u>2,032.38</u>	
Total Current Assets	\$		31,175.73

FIXED ASSETS

Land		20,000.00	
Machinery & Equipment		1,164,205.20	
Building & Improvements		605,058.08	
Vehicles		55,186.00	
Less: Accumulated Depreciation		<u>(1,368,830.58)</u>	
Total Fixed Assets			<u>475,618.70</u>

OTHER ASSETS

Deposits Paid		<u>12,400.00</u>	
Total Other Assets			<u>12,400.00</u>

TOTAL ASSETS

\$ 519,194.43

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES

State Tax Withheld	\$	6.02	
SUTA Tax Payable		82.16	
FUTA Tax Payable		219.08	
Lease Payable-Current		<u>52,995.01</u>	
Total Current Liabilities	\$		53,302.27

LONG-TERM LIABILITIES

Lease Payable		<u>103,128.99</u>	
Total Long-Term Liabilities			<u>103,128.99</u>

Total Liabilities

156,431.26

Fund Balance

362,763.17

**TOTAL LIABILITIES AND
FUND BALANCE**

\$ 519,194.43

See Accountant's Audit Report

Lake Ridge Volunteer Fire Dept., Inc.
Income Statement
For the 12 Months Ended December 31, 2004

REVENUE	
Grants	\$ 53,338.67
Public Support	262,254.73
Fundraising Income	809.00
Miscellaneous Income	<u>1,931.00</u>
Total Revenue	<u>318,333.40</u>
Gross Profit	318,333.40
Less Operating Expenses	<u>282,986.48</u>
Earnings (Loss) From Operations	<u>35,346.92</u>
OTHER INCOME	
Interest Income	432.22
Net Earnings (Loss)	<u>\$ <u>35,779.14</u></u>

See Accountant's Audit Report

Lake Ridge Volunteer Fire Dept., Inc.
Income Statement
For the 12 Months Ended December 31, 2004

OPERATING EXPENSES	
Accounting & Auditing	4,045.00
Bank Service Charge	114.15
Bunker Gear	556.26
Christmas/Open House Expense	4,253.00
Contributions	500.00
Employee Benefits	13,000.00
Equipment Maintenance	11,445.35
Depreciation	86,771.37
Dues & Subscriptions	424.50
Fire Prevention and Education	8,221.06
Fuel	4,400.77
Insurance	25,549.46
Inspections	392.77
Interest	1,119.30
Legal	160.00
Miscellaneous	4,723.01
Office Expense	4,922.62
Radios	973.00
Salaries & Wages	79,022.10
Scavenger	540.00
Supplies	132.00
Taxes-FICA Expense	6,045.28
Taxes-SUTA Expense	196.46
Taxes-FUTA Expense	523.89
Tower Rental	3,058.00
Training	2,348.07
Uniforms	2,501.04
Utilities	16,433.02
Fundraising expenses	615.00
Total Operating Expenses	<u>\$ 282,986.48</u>

See Accountant's Audit Report

Lake Ridge Volunteer Fire Dept., Inc.
Statement of Cash Flows
For the 12 Months Ended December 31, 2004

	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income (Loss)	\$ 35,779.14
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:	
Depreciation and Amortization	86,771.37
Losses (Gains) on sales of Fixed Assets	0.00
Decrease (Increase) in Operating Assets:	
Machinery & Equipment	(125,490.33)
Increase (Decrease) in Operating Liabilities:	
Lease Payable	31,562.17
Accrued Payroll	(4,948.91)
Total Adjustments	<u>(12,105.70)</u>
Net Cash Provided By (Used in) Operating Activities	23,673.44
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds From Sale of Fixed Assets	<u>0.00</u>
Net Cash Provided By (Used In) Investing Activities	0.00
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds From Sale of Stock	<u>0.00</u>
Net Cash Provided By (Used In) Financing Activities	0.00
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	23,673.44
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>7,502.00</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ <u>31,175.44</u>

See Accountant's Audit Report

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL

The Lake Ridge Volunteer Fire Department, Inc. is a not-for-profit organization that engages, without charge, in the work of preventing and extinguishing fires in the homes and buildings situated within the Lake Ridge district of Gary, Indiana.

The fire department's policy is to prepare its financial statements on the modified cash basis of accounting. Certain revenue is recognized when received rather than when earned, and certain expenses are recognized when paid rather than when incurred. Depreciation is provided on property and equipment. Fire protection district grant income is recorded when received. The modified cash basis is a basis of accounting other than generally accepted accounting principles.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

BUILDING, VEHICLE AND EQUIPMENT

Building, vehicle and equipment are recorded at cost, except in the case of donated property, which is recorded at the estimated fair market value at the date of donation. Fixed assets are being depreciated using straight-line and accelerated methods over the following useful lives:

Building and Improvements	13 to 39 years
Vehicle	5 years
Equipment	7 to 12 years

NOTE 2 – INCOME TAXES

The Fire Department is organized as a not-for-profit organization under Section 501(c)(4) of the Internal Revenue Code and is therefore exempt from federal and state income taxes.

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2004

NOTE 3 – LAKE RIDGE FIRE PROTECTION DISTRICT

The Fire Department's budgeted funds from the Lake Ridge Fire Protection District totaled \$243,593 for the year 2004. In addition, the district reimbursed the Fire Department for expenses as follows:

Health and Accident Insurance	\$10,219
Smoke House and Trailer, and smoke detectors	4,009

NOTE 4 – CAPITALIZED LEASES

The fire department leases a rescue unit and three trucks from Municipal Services Group, Inc. The leased equipment is pledged as collateral for the lease agreements. Capital lease assets have been included as follows:

	<u>2003</u>	<u>2004</u>
Equipment	\$ 657,605	\$ 657,605
Less: Accumulated Depreciation	<u>(394,122)</u>	<u>(437,251)</u>
Total	\$ 263,483	\$ 220,354

Lease payments are as follows:

Year Ending December 31, 2005	\$ 44,117
Thereafter	<u>44,117</u>
Total minimum lease payments	88,234
Less: Amount representing interest at 5.04%	<u>(6,670)</u>
Present Value of Minimum Lease Payments	81,564
Current Portion of Lease Payment	39,670
Long-term Portion of Lease Payment	41,894

On November 15, 2004, the Fire Department entered into a five year lease with Mine Safety Appliances Company for air packs and other equipment. Lease payments are due on May 1 and November of each year, with the first payment due May 1, 2005. These capital lease assets have been included as follows:

	<u>2004</u>
Equipment	\$ 74,560
Less: Accumulated Depreciation	<u>(1,864)</u>
Total	\$ 72,696

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2004

Lease payments are as follows:

<u>Year Ending</u>	<u>Lease Payments</u>
2004	0
2005	17,282
2006	17,282
2007	17,282
2008	17,282
Thereafter	17,282
Total minimum lease payments	86,411
Less: Amount representing interest at 5.0%	(11,851)
Present Value of Minimum Lease Payments	74,560
Current Portion of Lease Payment	13,325
Long-term Portion of Lease Payment	61,235