



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B48934

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

October 20, 2017

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

We have reviewed the audit report prepared by Osaghae & Associates, Ltd., for the period January 1, 2016 to December 31, 2016. 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 Lake Ridge Volunteer Fire Department, Inc., as of December 31, 2016, 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

**LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.**

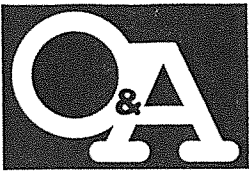
**Financial Statements and Independent Auditor's Report**

December 31, 2016 and 2015

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5
Notes to Financial Statements	6-9



**OSAGHAE & ASSOCIATES, LTD.**  
*Certified Public Accountants*



**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of Lake Ridge Volunteer Fire Department, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years 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; 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**

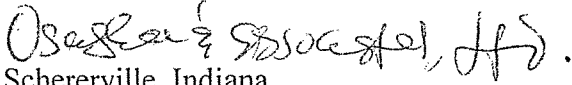
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Lake Ridge Volunteer Fire Department, Inc. as of December 31, 2016 and 2015, 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.

  
Schererville, Indiana  
July 10, 2017

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Current Assets		
Cash	\$36,260	\$42,797
Tax refund receivable	424	424
Escrow - retainer	620	620
Total current assets	<u>37,304</u>	<u>43,841</u>
Fixed Assets		
Buildings and improvements	610,748	610,748
Equipment	577,362	577,362
Vehicles	1,429,043	1,379,504
Furniture and fixtures	10,021	10,021
Land	20,000	20,000
Less: accumulated depreciation	<u>(2,369,933)</u>	<u>(2,314,926)</u>
Total fixed Assets	<u>277,241</u>	<u>282,709</u>
 TOTAL ASSETS	 <u>\$ 314,545</u>	 <u>\$ 326,550</u>
 <u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	\$7,218	\$7,161
Payroll liabilities	701	1,211
Lease payable, current portion (Note 4)	<u>34,996</u>	<u>37,692</u>
Total current liabilities	<u>42,915</u>	<u>46,064</u>
Long Term Liabilities		
Lease payable (Note 4)	<u>20,532</u>	<u>30,351</u>
Total long term liabilities	<u>20,532</u>	<u>30,351</u>
 TOTAL LIABILITIES	 <u>63,447</u>	 <u>76,415</u>
 <u>NET ASSETS</u>		
Unrestricted	<u>251,098</u>	<u>250,135</u>
Total net assets	<u>251,098</u>	<u>250,135</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 314,545</u>	 <u>\$ 326,550</u>

See accompanying notes to financial statements.

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,

<u>REVENUE AND SUPPORT</u>	<u>2016</u>	<u>2015</u>
Fire protection service contract	\$ 272,008	\$ 272,008
Fundraising	16,979	12,880
Donations	1,605	2,246
Miscellaneous income	9,082	3,264
Total revenue and support	<u>299,674</u>	<u>290,398</u>
 <u>EXPENSES</u>		
Program Services		
Fire service	<u>227,901</u>	<u>233,253</u>
Total program expenses	<u>227,901</u>	<u>233,253</u>
Support Expenses		
Management and general	55,458	60,707
Fundraising	<u>15,352</u>	<u>14,837</u>
Total support expenses	<u>70,810</u>	<u>75,544</u>
Total expenses	<u>298,711</u>	<u>308,797</u>
Net change in net assets	963	(18,399)
Net assets at January 1,	250,135	268,534
NET ASSETS AT DECEMBER 31,	<u>\$ 251,098</u>	<u>\$ 250,135</u>

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2016</u>	<u>2015</u>
Change in net assets	\$ 963	\$ (18,399)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	55,008	64,981
Tax refund receivable	0	(424)
Accounts payable	58	(1,468)
Payroll liabilities	(512)	(1,277)
Escrow - Retainer	0	(620)
Net cash inflows from operating activities	<u>\$ 55,517</u>	<u>\$ 42,793</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Vehicle purchased	<u>(49,539)</u>	<u>-</u>
Net cash outflows from investing activities	<u>(49,539)</u>	<u>-</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Note repayments	<u>(12,515)</u>	<u>(36,455)</u>
Net cash outflow from financing activities	<u>(12,515)</u>	<u>(36,455)</u>
 Net increase in cash	(6,537)	6,338
 Cash, January 1,	42,797	36,459
 CASH, DECEMBER 31,	<u><u>\$ 36,260</u></u>	<u><u>\$ 42,797</u></u>
 Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest	\$ 3,439	\$ 3,545

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31,

	Program	Supporting Services			Total Program and Supporting Service 2016	Total Program and Supporting Service 2015
	Service	Management and General	Fundraising	Total		
Salaries and wages	\$ 65,536	\$ 12,201	\$ 0	\$ 12,201	\$ 77,737	\$ 75,730
Payroll tax expense	5,561	1,068	0	1,068	6,629	6,885
Total salaries and wages and related expenses	71,097	13,269	0	13,269	84,366	82,615
Bank service charges	0	0	0	0	0	37
Uniform	1,431	0	0	0	1,431	156
Employee benefits	10,400	2,600	0	2,600	13,000	13,000
Gasoline	3,781	945	0	945	4,726	5,971
Insurance	36,969	9,242	0	9,242	46,211	47,818
Interest expense	0	3,439	0	3,439	3,439	3,545
Materials and supplies	0	283	0	283	283	785
Miscellaneous	2,462	616	0	616	3,078	3,069
Rent and utilities	10,350	2,587	0	2,587	12,937	15,199
Repairs and maintenance	2,341	0	0	0	2,341	6,395
Postage	314	78	0	78	392	444
Bunker Gear	14,539	0	0	0	14,539	1,997
Fire Prevention	1,334	0	0	0	1,334	1,196
Equipment Purchase	19,054	0	0	0	19,054	16,509
Equipment Repairs and Maintenance	9,712	0	0	0	9,712	14,689
Education	111	0	0	0	111	2,354
Dues and subscriptions	0	620	0	620	620	600
Fund raising expenses	0	0	15,352	15,352	15,352	14,837
Office expenses	0	3,028	0	3,028	3,028	3,039
Accounting and auditing	0	7,080	0	7,080	7,080	6,875
Legal fees	0	0	0	0	0	1,880
Storage	0	120	0	120	120	400
Janitorial	0	549	0	549	549	406
Total before depreciation	183,895	44,456	15,352	59,808	243,703	243,816
Depreciation	44,006	11,002	0	11,002	55,008	64,981
Total expenses	227,901	55,458	15,352	70,810	298,711	308,797

See accompanying notes to financial statements.

**LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Lake Ridge Volunteer Fire Department, Inc. (“The Department”) is an Indiana not-for-profit organization incorporated on February 12, 1941 that engages, without charge, in the work of preventing and extinguishing fires in the homes and buildings situated within the Lake Ridge Fire Protection District (“The District”). The Department has about 20 dedicated members who are available 24/7 – 365 days a year. The Department covers about 7 square miles, protects approximately 75,000 residents and responds to over 150 calls per year. The Department’s major source of support is the contractual relationship with the Lake Ridge Fire District.

**Basis of Accounting**

The financial statements of The Department have been prepared using the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses recorded when incurred.

**Basis of Presentation**

Net assets are classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions. A description of the three classes follows:

Permanently restricted – Net assets subject to donor-imposed stipulations that should be maintained permanently by the Organization.

Temporarily restricted – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or passage of time.

Unrestricted – Net assets that are not subject to donor-imposed stipulations.

There were no transactions that created temporarily restricted or permanently restricted net assets for the year ended December 31, 2016.

**Cash and Cash Equivalents**

Cash and cash equivalents include all monies in banks and highly liquid investments.

**Fixed Assets**

Property and equipment are recorded at cost when purchased or at fair market value when received as a donation and depreciated over the estimated useful life of the related asset using the straight-line method. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred.

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

Lease Commitments

Leases that do not meet the criteria for capitalization under the Financial Accounting Standards Board (FASB) Standard No. 13 and its updates are classified as operating leases with related rentals charged to operations as incurred. The Department's leases are not accounted for and reported under the new FASB's revision of the lease accounting standards - Accounting Standards Codification 842.

Functional Expenses

The costs of providing various programs and supporting activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to programs services and supporting activities. Expenses related to more than one function are charged to program services and supporting activities on the basis of proportional use of the service.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – FIXED ASSETS

Depreciation expense was \$55,008 and \$64,981 for the years ended December 31, 2016 and 2015 respectively. The estimated useful lives of assets for the purpose of computing depreciation are:

<u>Description</u>	<u>Life</u>
Buildings and Improvements	7 to 39 years
Equipment	5 to 7 years
Vehicles	5 to 12 years
Furniture & Fixtures	5 to 7 years
Land	Non-depreciable

Fixed assets are summarized by the following major classifications as of the years ended December 31,

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

<u>Description</u>	<u>2016</u>	<u>2015</u>
Buildings and Improvements	\$ 610,748	\$ 610,748
Equipment	577,362	577,362
Vehicles	1,429,043	1,379,504
Furniture and Fixtures	10,021	10,021
Land	<u>20,000</u>	<u>20,000</u>
Total fixed assets at cost	2,647,174	2,597,635
Less: Accumulated depreciation	<u>(2,369,933)</u>	<u>(2,314,926)</u>
NET BOOK VALUE	<u>\$ 277,241</u>	<u>\$ 282,709</u>

**NOTE 3 – OPERATING LEASE**

The Department leased space on a radio tower from an unrelated party. The lease terms are for five years beginning March 1, 2010 through March 1, 2015 and provided for monthly payments of \$321. The lease is cancelable by giving the lessor 60 days written notice. Rent expense for the operating lease for the years ended December 31, 2016 and 2015 totaled \$2,405 and \$3,852 respectively. The department decided not to renew the lease contract beyond May 2016 and there are no future minimum lease commitments for operating lease.

**NOTE 4 – CAPITAL LEASE PAYABLE**

The Board of Directors approved the purchase of a new fire engine in 2013. The purchase is financed through a capital lease with annual payments of \$40,000 including interest for the first three years and \$31,380 in the final year computed at 3.88% through 2017. The truck was delivered in March of 2013. The Board of Directors also approved the purchase of a new brush truck 2016. The purchase is financed through a capital lease with annual payments of \$5,789 including interest for six years.

Following is a summary of property held under capital lease:

Vehicles	\$ 219,155
Less: Accumulated depreciation	<u>(58,190)</u>
Net Book Value	<u>\$ 160,965</u>

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

Minimum future lease payments under capital lease as of December 31, 2016 for each of the next five years are:

2017	\$ 5,789
2018	5,789
2019	5,789
2020	5,789
2021	<u>5,789</u>
Net minimum lease payments	28,945
Less: amount representing interest	<u>(3,606)</u>
Present value of net minimum lease	<u>\$ 25,339</u>

**NOTE 5 – PENSION PLAN**

The Department maintains a retirement plan covering substantially all firefighters. Contributions are made to the Length of Service Awards Program for the purchase of retirement annuities for qualified firefighters. Total contributions to the plan for the year ended December 31, 2016 were \$13,000.

**NOTE 6 – CONCENTRATION**

During the year ended December 31, 2016 and 2015, the Department received 91% and 94% of its total revenue and support from the Lake Ridge Fire District. At the date of this report, the board of directors do not believe that the District will not continue to support the Department.

**NOTE 7 – SUBSEQUENT EVENTS**

The Department has conducted an evaluation of subsequent events through June 26, 2017, which is the date the financial statements were available to be issued, noting no events which affect the financial statements as of December 31, 2016.