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April 3, 2018

Board of Directors
Miami Township Volunteer Fire Department
PO Box 329
Logansport, IN 46947

We have reviewed the report prepared by Miami Township Volunteer Fire Department and opined upon by Chambers & Co., CPA, LLC, Independent Public Accountants, for the period January 1, 2015 to December 31, 2016. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Miami Township Volunteer Fire Department 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.

In our opinion, Chambers & Co., CPA, LLC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

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


Paul D. Joyce, CPA
State Examiner

MIAMI TOWNSHIP VOLUNTEER FIRE DEPT.

Consolidated Financial Statements

December 31, 2016 and 2015

CHAMBERS & CO., CPA, LLC
Certified Public Accountants
210 Fifth Street
Logansport, Indiana 46947

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CHAMBERS & CO., LLC
Certified Public Accountants
210 Fifth Street
Logansport, Indiana 46947

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Miami Township Volunteer Fire Department

We have audited the accompanying consolidated financial statements of Miami Township Volunteer Fire Department (a nonprofit organization), which comprise the consolidated statements of assets, liabilities, and net assets - modified cash basis as of December 31, 2016 and 2015 and the related consolidated statements of support, revenue, and expenses - modified cash basis and cash flows - modified cash basis 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 consolidated financial statements in accordance with the modified cash basis of accounting as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Member of the American Institute of
Certified Public Accountants and the Indiana CPA Society

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Miami Township Volunteer Fire Department as of December 31, 2016 and 2015, and its support, revenue, and expenses, and cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note A.

Basis of Accounting

We draw attention to Note A of the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of American. Our opinion is not modified with respect to that matter.

Chambers & Co., CPA, LLC

Logansport, Indiana
December 29, 2017

MIAMI TOWNSHIP VOLUNTEER FIRE DEPT.

CONSOLIDATED STATEMENTS OF ASSETS,
LIABILITIES, AND NET ASSETS -
MODIFIED CASH BASIS

December 31, 2016 and 2015

ASSETS		
	2016	2015
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	\$ 223,747.14	\$ 201,682.84
TOTAL CURRENT ASSETS	<u>223,747.14</u>	<u>201,682.84</u>
PROPERTY, PLANT, AND EQUIPMENT		
LAND	29,944.91	21,500.00
REAL ESTATE IMPROVEMENTS	276,754.61	244,530.78
VEHICLES	376,880.67	361,426.83
FURNITURE & OFFICE EQUIPMENT	3,533.55	3,533.55
EQUIPMENT	314,083.72	314,083.72
SUBTOTAL PROP, PLANT, & EQUIP	<u>1,001,197.46</u>	<u>945,074.88</u>
LESS: ACCUMULATED DEPRECIATION	701,314.62	679,394.41
TOTAL PROP, PLANT, & EQUIP, NET	<u>299,882.84</u>	<u>265,680.47</u>
TOTAL ASSETS	<u>\$ 523,629.98</u>	<u>\$ 467,363.31</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
ACCRUED PAYROLL TAXES	\$ 4,385.13	\$ 3,243.76
FIRE DISTRICT 1 PAYABLE	10,000.00	10,000.00
TOTAL CURRENT LIABILITIES	<u>14,385.13</u>	<u>13,243.76</u>
LONG-TERM LIABILITIES		
SUBTOTAL LONG-TERM LIAB	<u>.00</u>	<u>.00</u>
TOTAL LONG-TERM LIABILITIES	<u>.00</u>	<u>.00</u>
TOTAL LIABILITIES	<u>14,385.13</u>	<u>13,243.76</u>
UNRESTRICTED NET ASSETS	509,244.85	454,119.55
TOTAL NET ASSETS	<u>509,244.85</u>	<u>454,119.55</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 523,629.98</u>	<u>\$ 467,363.31</u>

(SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT)

MIAMI TOWNSHIP VOLUNTEER FIRE DEPT.

CONSOLIDATED STATEMENTS OF SUPPORT,
REVENUE, AND EXPENSES -
MODIFIED CASH BASIS

For the Years ended December 31, 2016 and 2015

CHANGES IN NET ASSETS:

	2016	2015
INCREASES IN UNRESTRICTED NET ASSETS		
FIRE PROTECTION CONTRACTS	\$ 776,817.90	\$ 679,903.58
OTHER INCOME	8,321.76	1,195.13
INTEREST INCOME	356.99	443.13
TOTAL INCR IN UNRESTRICTED NET ASSETS	<u>785,496.65</u>	<u>681,541.84</u>
DECREASES IN UNRESTRICTED NET ASSETS		
EQUIPMENT - SMALL TOOLS	35,265.64	22,998.39
OPERATING EXPENSES	15,548.75	12,482.68
INSURANCE	50,678.67	69,594.00
UTILITIES	17,404.00	18,997.52
FUEL	7,944.14	8,559.51
REPAIRS/MAINT - EQUIPMENT	18,503.75	4,782.37
TRAINING/INSTRUCTION	1,933.40	3,094.51
CONTRACTED SERVICES	2,195.01	2,242.26
FIREMEN PHYSICALS	1,050.25	5,272.89
ADVERTISING	14.16	.00
DUES & SUBSCRIPTIONS	360.00	523.55
RUN PAY	6,641.97	.00
UNIFORMS	11,724.60	8,302.96
OFFICE SUPPLIES	585.04	88.40
PROFESSIONAL SERVICES	5,300.00	10,135.58
REPAIRS/MAINT - BUILDING	7,367.50	11,225.53
TELEPHONE, CABLE, INTERNET	6,480.42	5,875.19
MEALS & ENTERTAINMENT	2,233.34	1,346.03
DONATIONS	4,379.75	180.71
PAYROLL	468,856.39	464,112.81
TAXES: PAYROLL	37,929.18	38,123.00
RETIREMENT EXPENSE	1,806.22	3,529.96
DEPRE - VEHICLES & EQUIPMENT	15,838.06	27,741.65
DEPRE - R/E IMPROVEMENTS	6,082.15	2,708.59
OTHER EXPENSES	3,373.94	1,653.55
SPECIAL EVENT EXPENSES	875.02	2,633.21
TOTAL DECR IN UNRESTRICTED NET ASSETS	<u>730,371.35</u>	<u>726,204.85</u>
INCREASE/(DECREASE) IN NET ASSETS	55,125.30	(44,663.01)
NET ASSETS AT BEGINNING OF YEAR	<u>454,119.55</u>	<u>498,782.56</u>
NET ASSETS AT END OF YEAR	<u>\$ 509,244.85</u>	<u>\$ 454,119.55</u>

(SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT)

MIAMI TOWNSHIP VOLUNTEER FIRE DEPT.

CONSOLIDATED STATEMENTS OF
CASH FLOWS - MODIFIED CASH BASIS

For the Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
CHANGE IN NET ASSETS	\$ 55,125.30	\$ (44,663.01)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION EXPENSE	21,920.21	30,450.24
INC/(DEC) IN CURRENT LIABILITIES:		
FIRE DISTRICT 1 PAYABLE	.00	10,000.00
ACCRUED TAXES - PAYROLL	1,141.37	(2,548.31)
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:	<u>78,186.88</u>	<u>(6,761.08)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
CAPITAL EXPENDITURES	<u>(56,122.58)</u>	<u>(44,874.71)</u>
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES:	(56,122.58)	(44,874.71)
CASH FLOWS FROM FINANCING ACTIVITIES:		
NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES:	<u>.00</u>	<u>.00</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS:	22,064.30	(51,635.79)
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF PERIOD	<u>201,682.84</u>	<u>253,318.63</u>
CASH AND CASH EQUIVALENTS AS OF END OF PERIOD	<u>\$ 223,747.14</u>	<u>\$ 201,682.84</u>

(SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Miami Township Volunteer Fire Department is a volunteer fire department established in 1943 and is located in New Waverly, Indiana. The Organization covers Miami, Eel, Noble, Tipton, and Clay Townships in Cass County and part of Peru Township in Miami County. Miami Township Volunteer Fire Department protects the community during fires, traffic accidents, and medical emergencies. The primary support is with contracts from the townships served and the Cass County Fire District 1.

Effective January 1, 2011, the Miami Township Volunteer Fire Department became a combination fire department. The Miami Township Volunteer Fire Department now houses volunteer and career firefighters. The career firefighters are employees of Firefighters Staffing, Inc.

Firefighters Staffing, Inc. was organized January 1, 2011 to employ the career firefighters. It utilizes the same buildings and equipment owned and operated by the Miami Township Volunteer Fire Department. The career firefighters are on duty during periods not covered by volunteers. Volunteer firefighters have traditional jobs/careers that would prevent them from leaving work and responding to every call during normal business hours.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Organization and Firefighters Staffing, Inc (collectively referred to as the Organization). The two entities utilize the same board of directors and officers. All significant intercompany transactions and balances have been eliminated in the consolidated financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. Under that basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. That basis differs from generally accepted accounting principles primarily because the Organization has not recognized accounts receivable from township trustees, prepaid expenses, accounts payable to vendors and their related effects on earnings in the accompanying financial statements.

Basis of Presentation

The financial statement presentation does not follow the recommendation of the Not-For-Profit Entities topic of the FASB Accounting Standards Codification. Under this topic, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporary restricted net assets, and permanently restricted assets. The Organization considers all net assets as unrestricted net assets.

(Continued)

MIAMI TOWNSHIP VOLUNTEER FIRE DEPT.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Property and Equipment

Purchased property and equipment is capitalized at cost. Donations of furniture and equipment are recorded as contributions at their estimated fair value. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which generally range from five to thirty years. Expenditures for maintenance, repairs, and certain elements of renewals are charged to operations as incurred. Additions and betterments in excess of \$2,500 cost or fair value, if donated, are capitalized.

Depreciation expense for the years ended December 31, 2016 and 2015 was \$21,920 and \$30,450, respectfully.

Income Taxes

Miami Township Volunteer Fire Department is a not-for-profit organization exempt from federal and state taxation under Internal Revenue Code Section 501(c)(4) and incorporated under the Indiana General Not-for-Profit Act. Accordingly, there are no provisions for federal and state income taxes.

Firefighters Staffing, Inc. (a corporation) files income tax returns in the federal and Indiana jurisdictions.

Penalties and interest assessed by income taxing authorities would be included in operating expenses.

The Organization has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the taxing authorities are the 2014, 2015, and 2016 tax years. However, the Organization is not currently under audit nor has the Organization been contacted by any jurisdiction. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the fiscal years ended December 31, 2016 and 2015.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly-liquid instruments purchased with a maturity date of three months or less to be cash equivalents.

(Continued)

MIAMI TOWNSHIP VOLUNTEER FIRE DEPT.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

Donated Services

No amounts have been recorded in the financial statements for donated services. The Organization generally pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks, but these services do not meet the criteria for recognition as contributed services.

Advertising

The Organization expenses advertising costs as they are incurred. The total advertising expenses for the years ended December 31, 2016 and 2015 was \$14 and \$0, respectfully.

NOTE B FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reported for cash and cash equivalents approximate fair value because of the short maturities of those instruments.

NOTE C STATEMENT OF CASH FLOWS

Pursuant to the Financial Accounting Standards Board's "Statement of Cash Flows," supplemental disclosures are required for cash disbursed for interest and income taxes for the years ended December 31, 2016 and 2015. There was no interest or income taxes paid for the years ended December 31, 2016 and 2015.

There were no noncash transactions during the years ended December 31, 2016 and 2015.

NOTE D RETIREMENT PLAN

Effective January 1, 2011, the Organization initiated a 403(b) profit sharing plan. The plan covers all employees who have attained age 21, completed 1,000 hours per year, and completed six months of service. For 2016 and 2015, the Organization made a discretionary contribution to the plan of \$1,806 and \$3,530, respectfully.

NOTE E CONCENTRATIONS OF CREDIT RISK

For the year ended December 31, 2016, one governmental unit accounted for 75% of the Organization's cash receipts, and an additional governmental unit represented an additional 22% of the Organization's cash receipts. As of December 31, 2016, the two governmental units accounted for 97% of the Organization's cash receipts.

For the year ended December 31, 2015, one governmental unit accounted for 87% of the Organization's cash receipts.

(Continued)

MIAMI TOWNSHIP VOLUNTEER FIRE DEPT.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

NOTE F SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 29, 2017, the date which the financial statements were available to be issued.

NOTE G FUNCTIONAL EXPENSES

The costs of the Organization's programs and supporting services have been reported on a functional basis below. Expenses are charged to each program based on direct expenses incurred.

Year Ended December 31, 2016

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
Equipment	\$ 35,265.64	\$ 0.00	\$ 35,265.64
Operating Expenses	15,548.75	0.00	15,548.75
Insurance	50,678.67	0.00	50,678.67
Utilities	17,404.00	0.00	17,404.00
Fuel	7,944.14	0.00	7,944.14
Repairs/Maint - Equipment	18,503.75	0.00	18,503.75
Training/Instruction	1,933.40	0.00	1,933.40
Contracted Services	2,195.01	0.00	2,195.01
Payroll	468,856.39	0.00	468,856.39
Taxes: Payroll	37,929.18	0.00	37,929.18
Retirement Expense	1,806.22	0.00	1,806.22
Depre - Vehicles & Equip	15,838.06	0.00	15,838.06
Firemen Physicals	1,050.25	0.00	1,050.25
Advertising	0.00	14.16	14.16
Dues	360.00	0.00	360.00
Run Pay	6,641.97	0.00	6,641.97
Office Supplies	0.00	585.04	585.04
Professional Services	0.00	5,300.00	5,300.00
Repairs/Maint - Building	7,367.50	0.00	7,367.50
Telephone	6,480.42	0.00	6,480.42
Depre - R/E Improv	6,082.15	0.00	6,082.15
Meals & Entertainment	2,233.34	0.00	2,233.34
Donation	4,379.75	0.00	4,379.75
Clothing	11,724.60	0.00	11,724.60
Other Expenses	3,373.94	0.00	3,373.94
Special Event Disbursements	875.02	0.00	875.02
Total Expenses	<u>\$724,472.15</u>	<u>\$ 5,899.20</u>	<u>\$730,371.35</u>

(Continued)

MIAMI TOWNSHIP VOLUNTEER FIRE DEPT.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

Year Ended December 31, 2015

	Program Services	Management & General	Total
Equipment	\$ 22,998.39	\$ 0.00	\$ 22,998.39
Operating Expenses	12,482.68	0.00	12,482.68
Insurance	69,594.00	0.00	69,594.00
Utilities	18,997.52	0.00	18,997.52
Fuel	8,559.51	0.00	8,559.51
Repairs/Maint - Equipment	4,782.37	0.00	4,782.37
Training/Instruction	3,094.51	0.00	3,094.51
Contracted Services	2,242.26	0.00	2,242.26
Payroll	464,112.81	0.00	464,112.81
Taxes: Payroll	38,123.00	0.00	38,123.00
Retirement Expense	3,529.96	0.00	3,529.96
Depre - Vehicles & Equip	27,741.65	0.00	27,741.65
Firemen Physicals	5,272.89	0.00	5,272.89
Dues	523.55	0.00	523.55
Office Supplies	0.00	88.40	88.40
Professional Services	0.00	10,135.58	10,135.58
Repairs/Maint - Building	11,225.53	0.00	11,225.53
Telephone	5,875.19	0.00	5,875.19
Depre - R/E Improv	2,708.59	0.00	2,708.59
Meals & Entertainment	1,346.03	0.00	1,346.03
Donation	180.71	0.00	180.71
Clothing	8,302.96	0.00	8,302.96
Other Expenses	1,653.55	0.00	1,653.55
Special Event Disbursements	2,633.21	0.00	2,633.21
Total Expenses	<u>\$715,980.87</u>	<u>\$ 10,223.98</u>	<u>\$726,204.85</u>

NOTE H RELATED PARTY

The relationship between the Organization and Firefighters Staffing, Inc. is disclosed in Note A. The Organization has paid Firefighters Staffing, Inc. \$516,000.00 for the year ended December 31, 2016 and \$519,000.00 for the year ended December 31, 2015.

NOTE I INCOME TAX

The provision for income taxes were as follows at December 31, 2016 and 2015:

	2016	2015
Federal	\$ 0	\$ 0
Indiana	0	0
Total	<u>\$ 0</u>	<u>\$ 0</u>

At December 31, 2016, the Organization has a Federal and Indiana net operating loss carryforwards of \$4,205 that expire in 2033.