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April 3, 2018

Board of Directors
Lowell Volunteer Fire Department, Inc.
1331 E. Commercial Avenue
Lowell, IN 46356

We have reviewed the report prepared by Lowell Volunteer Fire Department, Inc. and opined upon by McMahon & Associates, CPAs, PC, 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 Lowell 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.

In our opinion, McMahon & Associates, CPAs, PC 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

LOWELL VOLUNTEER
FIRE DEPARTMENT, INC

AUDITED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lowell Volunteer Fire Department, Inc.
Lowell, Indiana

Report on Financial Statements

We have audited the accompanying financial statements of Lowell 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 Lowell 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2017, on our consideration of Lowell Volunteer Fire Department, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lowell Volunteer Fire Department, Inc.'s internal control over financial reporting and compliance.



McMahon & Associates Certified Public Accountants, P.C.
Munster, Indiana

September 18, 2017

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Lowell Volunteer Fire Department, Inc.
Lowell, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lowell Volunteer Fire Department, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016 and 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lowell Volunteer Fire Department, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lowell Volunteer Fire Department, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lowell Volunteer Fire Department, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


McMahon and Associates Certified Public Accountants, P.C.
Munster, Indiana

September 18, 2017

LOWELL VOLUNTEER FIRE DEPARTMENT

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
<u>CURRENT ASSETS:</u>		
Cash	\$ 144,264	\$ 139,248
Accounts receivable	13,570	105
Prepaid expenses	10,674	10,268
Total current assets	<u>168,508</u>	<u>149,621</u>
 <u>FIXED ASSETS (NET)</u>	 <u>404,930</u>	 <u>232,361</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 573,438</u>	 <u>\$ 381,982</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Note payable - current portion	\$ 5,039	\$ 0
Accounts payable	941	1,197
Accrued liabilities	11,751	12,900
Total current liabilities	<u>17,731</u>	<u>14,097</u>
 <u>LONG-TERM LIABILITIES</u> - Note payable	 <u>57,461</u>	 <u>0</u>
 <u>NET ASSETS</u> - Unrestricted	 <u>498,246</u>	 <u>367,885</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>\$ 573,438</u>	 <u>\$ 381,982</u>

LOWELL VOLUNTEER FIRE DEPARTMENT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>OPERATING REVENUES:</u>		
Contract revenue	\$ 243,350	\$ 229,550
Fundraising	18,665	17,947
Donations	54,936	4,942
Hazardous material income	6,921	9,542
CPR classes	1,550	2,960
Report and sign income	239	305
	<u>325,661</u>	<u>265,246</u>
<u>EXPENSES:</u>		
Fire prevention	224,588	239,083
Management and general expenses	28,384	30,693
Fundraising	3,877	3,793
	<u>256,849</u>	<u>273,569</u>
<u>OTHER INCOME (EXPENSES):</u>		
Interest income	48	48
Interest expense	0	(468)
Miscellaneous income	10,951	6,000
Gain on sale of assets	50,550	0
	<u>61,549</u>	<u>5,580</u>
CHANGE IN NET ASSETS - UNRESTRICTED	130,361	(2,743)
NET ASSETS - BEGINNING OF YEAR - UNRESTRICTED	<u>367,885</u>	<u>370,628</u>
<u>NET ASSETS - END OF YEAR - UNRESTRICTED</u>	<u>\$ 498,246</u>	<u>\$ 367,885</u>

LOWELL VOLUNTEER FIRE DEPARTMENT

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Program Services</u>			<u>Total</u>
	<u>Fire Prevention</u>	<u>Fundraising Expense</u>	<u>Mgmt & Genl Expenses</u>	
Salaries and Related Expenses				
Salaries	\$ 63,113	\$ 0	\$ 21,038	\$ 84,151
Payroll taxes	5,380	0	1,793	7,173
Total salaries and related expenses	<u>68,493</u>	<u>0</u>	<u>22,831</u>	<u>91,324</u>
Accounting	0	0	570	570
Auto repair and maintenance	11,054	0	0	11,054
Building and equipment repairs	260	0	0	260
Charitable donations	55	0	0	55
Clothing allowance	6,158	0	0	6,158
Communication equipment	6,545	0	2,182	8,727
Computer expenses	1,245	0	0	1,245
CPR class expense	1,465	0	0	1,465
Dues and subscriptions	2,243	0	748	2,991
Equipment maintenance	10,064	0	0	10,064
Equipment rental	992	0	0	992
Fuel	4,612	0	0	4,612
Fundraising expenses	0	3,877	0	3,877
Grant expenses	675	0	0	675
Hazardous materials supplies	748	0	0	748
Insurance	19,073	0	0	19,073
Janitorial	2,233	0	0	2,233
Licenses and permits	249	0	0	249
Meals, entertainment and travel	7,372	0	0	7,372
Medical expenses	1,520	0	0	1,520
Miscellaneous expenses	1,181	0	0	1,181
Office supplies	0	0	1,398	1,398
Postage and delivery	0	0	496	496
Printing and reproduction	475	0	159	634
Response mileage reimbursement	24,523	0	0	24,523
Telephone - repeater	356	0	0	356
Telephone stipend	1,200	0	0	1,200
Training and education	533	0	0	533
Uniforms	1,014	0	0	1,014
Total expenses before depreciation	<u>174,338</u>	<u>3,877</u>	<u>28,384</u>	<u>206,599</u>
Depreciation	<u>50,250</u>	<u>0</u>	<u>0</u>	<u>50,250</u>
TOTAL EXPENSES	\$ <u>224,588</u>	\$ <u>3,877</u>	\$ <u>28,384</u>	\$ <u>256,849</u>

LOWELL VOLUNTEER FIRE DEPARTMENT

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Program Services</u>			
	<u>Fire</u>	<u>Fundraising</u>	<u>Mgmt &</u>	
	<u>Prevention</u>	<u>Expense</u>	<u>Genl Expenses</u>	<u>Total</u>
Salaries and Related Expenses				
Salaries	\$ 62,164	\$ 0	\$ 20,721	\$ 82,885
Payroll taxes	5,875	0	1,958	7,833
Total salaries and related expenses	<u>68,039</u>	<u>0</u>	<u>22,679</u>	<u>90,718</u>
Accounting	0	0	5,925	5,925
Auto repair and maintenance	16,305	0	0	16,305
Building and equipment repairs	1,416	0	0	1,416
Charitable donations	500	0	0	500
Clothing allowance	6,793	0	0	6,793
Communication equipment	6,703	0	0	6,703
Computer expenses	1,923	0	641	2,564
CPR class expense	1,647	0	0	1,647
Dues and subscriptions	1,210	0	403	1,613
Equipment maintenance	9,700	0	0	9,700
Equipment rental	992	0	0	992
Fuel	4,778	0	0	4,778
Fundraising expenses	0	3,793	0	3,793
Hazardous materials supplies	5,073	0	0	5,073
Insurance	17,736	0	0	17,736
Janitorial	3,592	0	0	3,592
Meals, entertainment and travel	8,803	0	0	8,803
Medical expenses	5,653	0	0	5,653
Miscellaneous expenses	195	0	0	195
Office supplies	0	0	290	290
Postage and delivery	0	0	530	530
Printing and reproduction	675	0	225	900
Project lifesaver	1,477	0	0	1,477
Response mileage reimbursement	20,637	0	0	20,637
Service contract	100	0	0	100
Telephone - repeater	985	0	0	985
Telephone stipend	1,200	0	0	1,200
Training and education	1,289	0	0	1,289
Uniforms	8,346	0	0	8,346
Total expenses before depreciation	<u>195,767</u>	<u>3,793</u>	<u>30,693</u>	<u>230,253</u>
Depreciation	<u>43,316</u>	<u>0</u>	<u>0</u>	<u>43,316</u>
TOTAL EXPENSES	\$ <u>239,083</u>	\$ <u>3,793</u>	\$ <u>30,693</u>	\$ <u>273,569</u>

LOWELL VOLUNTEER FIRE DEPARTMENT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
<u>OPERATING ACTIVITIES:</u>		
Contract revenue	\$ 233,350	\$ 229,550
Fundraising	18,665	17,947
Donations	54,936	4,942
Grants	0	10,675
Hazardous material income	3,351	14,369
CPR Class	1,655	2,855
Report and sign income	239	305
Interest expense	0	(468)
Interest income	48	48
Miscellaneous income	10,951	6,000
Cash paid for expenses	(208,408)	(240,421)
Net cash provided by operating activities	<u>114,787</u>	<u>45,802</u>
<u>INVESTING ACTIVITIES:</u>		
Purchase of fixed assets	(222,821)	(3,879)
Proceeds from sale of assets	50,550	0
Net cash used by investing activities	<u>(172,271)</u>	<u>(3,879)</u>
<u>FINANCING ACTIVITIES:</u>		
Increase in borrowings	62,500	0
Repayment of borrowings	0	(22,517)
Net cash provided (used) by financing activities	<u>62,500</u>	<u>(22,517)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,016	19,406
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>139,248</u>	<u>119,842</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 144,264</u>	<u>\$ 139,248</u>
<u>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Increase in net assets	\$ 130,361	\$ (2,743)
Add non-cash items		
Depreciation	50,250	43,316
Gain on sale of assets	(50,550)	0
Decrease (increase) in assets:		
Accounts receivable	(13,465)	15,397
Prepaid expenses	(406)	0
Increase (decrease) in liabilities:		
Accounts payable	(256)	(10,622)
Accrued liabilities	(1,147)	454
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 114,787</u>	<u>\$ 45,802</u>

LOWELL VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - Lowell Volunteer Fire Department, Inc. ("Fire Department" or "Organization") is a non-profit fire department in Lowell, Indiana, founded in 1897, incorporated in 1972. Their purpose is to operate exclusively as a volunteer fire fighting Fire Department to provide fire protection and emergency response services in the Town of Lowell and surrounding areas. The Fire Department is governed by officers consisting of a chief, assistant chief, captains, lieutenants, safety officers, board president, board vice president, secretary, treasurer, and 3 trustees.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting.

Financial Statement Presentation - The Organization has adopted Financial Accounting Standards Board's Accounting Standards Codification (ASC) 958-205, which provided guidance to reporting on not-for-profit organizations. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions whose restrictions are met in the same period as the recognition of the contribution are considered unrestricted for reporting purposes. There were no permanently restricted or temporarily restricted net assets at December 31, 2016 and 2015.

Use of Estimates in Preparation of Financial Statements - 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 the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates of revenues and expenses during the reporting period.

Cash and Cash Equivalents - Cash and cash equivalents as presented on the accompanying statement of financial position and statement of cash flows includes cash on hand and deposits in interest bearing and non-interest bearing accounts in financial institutions. Cash equivalents consist of highly liquid accounts with original maturities of 90 days or less. Certificates of deposit and other securities with original maturities over 90 days are classified as short-term investments and stated at cost, which approximates market value. The Fire Department has no cash equivalents.

Accounts Receivable - Accounts receivable consist of billings for hazardous material containment services and grants that have been earned in the current year but have not yet been received. The Fire Department records bad debts on the direct write-off method when, in management's opinion, an account becomes uncollectible. The direct write-off method is a departure from generally accepted accounting principles. Bad debt expense calculated using the direct write-off method does not differ materially from those calculated using generally accepted methods.

Concentration of Credit Risk - The Fire Department does not routinely have balances in financial institutions over the insured amount by the Federal Deposit Insurance Corporation.

LOWELL VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fixed Assets - The Fire Department capitalizes property with an expected useful life of more than one year, as determined by management. Depreciation expense is computed using straight-line methods over the estimated useful life of the assets. When assets are retired or otherwise disposed of, the cost of related accumulated depreciation are removed from the accounts and any gain or loss resulting from the transactions is recognized as income for the period. The cost of repairs and maintenance is charged to income as incurred; significant renewals and betterments are capitalized. .

The assets are depreciated using the following useful lives:

Building improvements	10 years
Fire Trucks	15 years
Equipment	7 years
Vehicles	5 years

Income Taxes - Lowell Volunteer Fire Department, Inc. is a not-for-profit corporation organized under the laws of the State of Indiana. The Internal Revenue Service has given the Fire Department a favorable determination under Section 501 (c) (4) of the Internal Revenue Code, exempting the Fire Department from taxation.

Revenue Recognition - Contributions are recognized as revenues in the period received. Contributions are considered to be unrestricted unless specifically restricted by the donor.

Contracts for fire prevention are agreed to annually based on a calendar year end and are recognized as revenue for the year which they cover.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 18, 2017, the date the financial statements were available to be issued.

NOTE 2 - FUND DRIVE

The Fire Department has one major fundraiser every year to raise money for the station. In 2016, the Fire Department raised \$18,666 with \$3,877 in expenses. In 2015 the Fire Department raised \$17,947 with \$3,793 in corresponding expenses. The Fire Department considers these unrestricted contributions.

LOWELL VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 3 - FIXED ASSETS

Fixed assets consist of the following at December 31, 2016:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Buildings improvements	\$ 126,101	\$ 96,621	\$ 29,480
Trucks and equipment	<u>1,100,804</u>	<u>725,354</u>	<u>375,450</u>
Total fixed assets - net	<u>\$ 1,226,905</u>	<u>\$ 821,975</u>	<u>\$ 404,930</u>

Fixed assets consist of the following at December 31, 2015:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Buildings improvements	\$ 120,721	\$ 84,504	\$ 36,217
Trucks and equipment	<u>885,339</u>	<u>689,195</u>	<u>196,144</u>
Total fixed assets - net	<u>\$ 1,006,060</u>	<u>\$ 773,699</u>	<u>\$ 232,361</u>

Depreciation expense was \$50,250 and \$43,316 for the year ended December 31, 2016 and 2015, respectively.

NOTE 4 - NOTE PAYABLE

At December 31, 2016 and 2015, long term debt consists of the following:

	<u>2016</u>	<u>2015</u>
Note payable, Standard Bank, due October 2026, interest 5.25%, monthly payments of \$2,011 principal and interest, secured by equipment.	<u>\$ 62,500</u>	<u>\$ 0</u>
Less: current portion	<u>5,039</u>	<u>0</u>
Total non-current portion	<u>\$ 57,461</u>	<u>\$ 0</u>

Maturities of noncurrent notes payable are as follows:

2017	\$ 5,039
2018	5,412
2019	5,417
2020	5,708
2021 and thereafter	<u>40,924</u>
Total	<u>\$ 22,517</u>

This note was paid in full on January 10, 2017.

LOWELL VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 5 - ALLOCATION OF FUNCTIONAL EXPENSES

The Fire Department has allocated their expenses by function based on actual expenses as they relate to fire prevention, fundraising and management and general expenses.

NOTE 6 - CONTRACTS

The Fire Department signs calendar year contracts with the Town of Lowell, Cedar Creek Township, West Creek Township, and Eagle Creek Township in return for firefighting and hazardous material services.

The Fire Department recognized \$137,350 and \$133,350 from the Town of Lowell for 2016 and 2015, respectively. The contract with the Town of Lowell also provides for rent free use of a building, a 2011 Chevrolet Silverado, a 2012 E-One Aerial Truck, a 2002 American LaFrance Pumper Fire Truck, and several mobile and portable 911 radios. The Town of Lowell also agrees to pay all real estate taxes, utilities and maintenance on the building.

The Fire Department recognized \$70,500 and \$55,700 from Cedar Creek Township for 2016 and 2015, respectively. The Cedar Creek Township contract also provides for a \$200 clothing allowance per firefighter on the active roster at the end of the year, with a maximum payout of \$7,000. Cedar Creek Township also provides a 2016 Sutphen Engine for the Fire Department.

The Fire Department recognized \$25,500 from West Creek Township for both 2016 and 2015. There are no additional benefits with this contract.

The Fire Department recognized \$10,000 from Eagle Creek Township for both 2016 and 2015. There are no additional benefits with this contract.

NOTE 7 - GRANT

The Fire Department did not receive grant revenue in 2016 and 2015. The Fire Department regularly applies for grants and will occasionally use outside companies for assistance in writing grants.

LOWELL VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 8 - CONCENTRATION OF REVENUE

The Lowell Volunteer Fire Department received 76.33% and 90.93% of its revenue from the Town of Lowell for the year ended 2016 and 2015, respectively.

NOTE 9 – CONTRIBUTED SERVICES AND MATERIALS

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased if not provided by donation.

No amounts have been reflected in these financial statements for contributed services from volunteer fire fighters because the value of these services was not readily determinable. However, volunteers responded to 508 and 471 incidents in 2016 and 2015, respectively. Those calls resulted in 2,744 hours and 2,699 hours in 2016 and 2015, respectively, of volunteered time. These volunteered hours do not reflect time that the volunteers were on call.

Donated materials are recorded at their fair value at the date of the gift. The Fire Department does not imply time restrictions for gifts of fixed assets. As a result, in the absence of donor-imposed restrictions, gifts of fixed assets are reported as unrestricted revenue.

NOTE 10 - INCOME TAX UNCERTAINTIES

The Organization has adopted the provisions of ASC 740-10-25, which requires an organization to disclose any income tax uncertainties, including tax positions, for which it is reasonably possible that the unrecognized tax benefit will significantly change in the next 12 months. The Organization believes that all income tax positions are reasonable and that the total amounts of unrecognized tax benefits will not significantly increase or decrease within 12 months of the reporting date. As a non-profit organization, the entity is exempt from income taxes. The Organization has not recognized any interest or penalties in their December 31, 2016 and 2015 financial statements. In general, the Organization is no longer subject to examination for the years prior to 2014.