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July 27, 2018

Board of Directors
Lake Ridge Volunteer Fire Department, Inc.
2301 W. 47th Ave.
Gary, IN 46408

We have reviewed the report prepared by Lake Ridge Volunteer Fire Department, Inc. and opined upon by Osaghae & Associates, Ltd., Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Lake Ridge Volunteer Fire Department, Inc. as of December 31, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Osaghae & Associates, Ltd. 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
Paul D. Joyce, CPA
State Examiner

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.

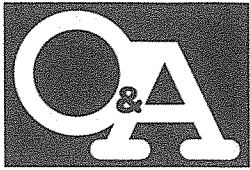
Financial Statements and Independent Auditor's Report

December 31, 2017 and 2016

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.

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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, 2017 and 2016, 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

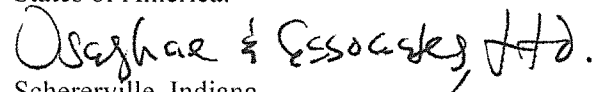
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2017 and 2016, 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
June 29, 2018

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current Assets		
Cash	\$ 59,767	\$ 36,260
Tax refund receivable	-	424
Escrow - retainer	-	620
Total current assets	<u>59,767</u>	<u>37,304</u>
Fixed Assets		
Buildings and improvements	610,748	610,748
Equipment	585,526	577,362
Vehicles	1,429,043	1,429,043
Furniture and fixtures	10,021	10,021
Land	20,000	20,000
Less: accumulated depreciation	<u>(2,419,630)</u>	<u>(2,369,933)</u>
Total fixed Assets	<u>235,708</u>	<u>277,241</u>
TOTAL ASSETS	<u>\$ 295,475</u>	<u>\$ 314,545</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	\$ 11,291	\$ 7,218
Payroll liabilities	10,275	701
Lease payable, current portion (Note 4)	5,208	34,996
Total current liabilities	<u>26,774</u>	<u>42,915</u>
Long Term Liabilities		
Lease payable (Note 4)	15,113	20,532
Total long term liabilities	<u>15,113</u>	<u>20,532</u>
TOTAL LIABILITIES	<u>41,887</u>	<u>63,447</u>
<u>NET ASSETS</u>		
Unrestricted	253,588	251,098
Total net assets	<u>253,588</u>	<u>251,098</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 295,475</u>	<u>\$ 314,545</u>

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,

<u>REVENUE AND SUPPORT</u>	<u>2017</u>	<u>2016</u>
Fire protection service contract	\$ 278,107	\$ 272,008
Fundraising	15,623	16,979
Donations	2,491	1,605
Interest income	15	-
Miscellaneous income	13,755	9,082
Total revenue and support	<u>309,991</u>	<u>299,674</u>
 <u>EXPENSES</u>		
Program Services		
Fire service	<u>236,478</u>	<u>227,901</u>
Total program expenses	<u>236,478</u>	<u>227,901</u>
Support Expenses		
Management and general	55,325	55,458
Fundraising	<u>15,698</u>	<u>15,352</u>
Total support expenses	<u>71,023</u>	<u>70,810</u>
Total expenses	<u>307,501</u>	<u>298,711</u>
Net change in net assets	2,490	963
Net assets at January 1,	251,098	250,135
NET ASSETS AT DECEMBER 31,	<u>\$ 253,588</u>	<u>\$ 251,098</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>2017</u>	<u>2016</u>
Change in net assets	\$ 2,490	\$ 963
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	49,696	55,008
Tax refund receivable	424	0
Accounts payable	4,072	58
Payroll liabilities	9,575	(512)
Escrow - retainer	620	0
Net cash inflows from operating activities	<u>\$ 66,877</u>	<u>\$ 55,517</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Equipment purchased	<u>(8,163)</u>	<u>(49,539)</u>
Net cash outflows from investing activities	<u>(8,163)</u>	<u>(49,539)</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Note repayments	<u>(35,207)</u>	<u>(12,515)</u>
Net cash outflows from financing activities	<u>(35,207)</u>	<u>(12,515)</u>
 Net increase (decrease) in cash	23,507	(6,537)
 Cash, January 1,	36,260	42,797
 CASH, DECEMBER 31,	<u>\$ 59,767</u>	<u>\$ 36,260</u>
 Supplemental Disclosure of Cash Flows Information:		
Cash payments for interest	\$ 1,511	\$ 3,439

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31,

	Program Service	Supporting Services			Total Program and Supporting Service 2017	Total Program and Supporting Service 2016
	Fire Service	Management and General	Fundraising	Total		
Salaries and wages	\$ 66,124	\$ 12,289	\$0	\$ 12,289	\$ 78,413	\$ 77,737
Payroll tax expense	5,610	1,043	0	1,043	6,653	6,629
Total salaries and wages and related expenses	71,734	13,332	0	13,332	85,066	84,366
Uniform	1,706	0	0	0	1,706	1,431
Employee benefits	10,963	2,037	0	2,037	13,000	13,000
Gasoline	4,406	1,101	0	1,101	5,507	4,726
Insurance	36,303	9,076	0	9,076	45,379	46,211
Interest expense	0	1,511	0	1,511	1,511	3,439
Materials and supplies	1,133	0	0	0	1,133	283
Miscellaneous	2,653	663	0	663	3,316	3,078
Rent and utilities	8,378	2,094	0	2,094	10,472	12,937
Repairs and maintenance	1,669	0	0	0	1,669	2,341
Postage	314	78	0	78	392	392
Bunker gear	12,338	0	0	0	12,338	14,539
Fire prevention	1,408	0	0	0	1,408	1,334
Equipment purchase	14,233	0	0	0	14,233	19,054
Equipment repairs and maintenance	29,483	0	0	0	29,483	9,712
Education	0	0	0	0	0	111
Dues and subscriptions	0	660	0	660	660	620
Fund raising expenses	0	0	15,698	15,698	15,698	15,352
Office expenses	0	3,364	0	3,364	3,364	3,028
Accounting and auditing	0	6,720	0	6,720	6,720	7,080
Legal fees	0	4,433	0	4,433	4,433	0
Storage	0	0	0	0	0	120
Janitorial	0	317	0	317	317	549
Total before depreciation	196,721	45,386	15,698	61,084	257,805	243,703
Depreciation	39,757	9,939	0	9,939	49,696	55,008
Total expenses	<u>\$236,478</u>	<u>\$ 55,325</u>	<u>\$ 15,698</u>	<u>\$ 71,023</u>	<u>\$ 307,501</u>	<u>\$ 298,711</u>

See accompanying notes to financial statements.

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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, 2017.

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, 2017 AND 2016

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 \$49,696 and \$55,008 for the years ended December 31, 2017 and 2016 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, 2017 AND 2016

<u>Description</u>	<u>2017</u>	<u>2016</u>
Buildings and Improvements	\$ 610,748	\$ 610,748
Equipment	585,526	577,362
Vehicles	1,429,043	1,429,043
Furniture and Fixtures	10,021	10,021
Land	<u>20,000</u>	<u>20,000</u>
Total fixed assets at cost	2,655,338	2,647,174
Less: Accumulated depreciation	<u>(2,419,630)</u>	<u>(2,369,933)</u>
NET BOOK VALUE	<u>\$ 235,708</u>	<u>\$ 277,241</u>

NOTE 3 – OPERATING LEASE

The Department leased space on a radio tower from an unrelated party. The lease terms were for five years beginning March 1, 2010 through March 1, 2015 for a monthly payment of \$321. The department decided not to renew the lease contract beyond May 2016. Operating lease expense for the years ended December 31, 2017 and 2016 totaled \$0 and \$2,405 respectively.

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 in 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>(76,452)</u>
Net Book Value	<u>\$ 142,703</u>

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Minimum future lease payments under capital lease as of December 31, 2017 for each of the next five years are:

2018	\$ 5,789
2019	5,789
2020	5,789
2021	5,416
2022	<u>0</u>
Net minimum lease payments	22,783
Less: amount representing interest	<u>(2,462)</u>
Present value of net minimum lease	<u>\$ 20,321</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 was \$13,000 for both the years ended December 31, 2017 and 2016.

NOTE 6 – CONCENTRATION

During the years ended December 31, 2017 and 2016, the Department received 90% and 91% 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 29, 2018, which is the date the financial statements were available to be issued, noting no events which affect the financial statements as of December 31, 2017.