

Peninsulas Emergency Medical  
Services Council, Inc.

Financial Statements

June 30, 2019



WELLSCOLEMAN

5004 Monument Avenue • Richmond, VA 23230

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Peninsulas Emergency Medical  
Services Council, Inc.  
Gloucester, VA 23061

We have audited the accompanying financial statements of Peninsulas Emergency Medical Services Council, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 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 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.

- Continued -

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peninsulas Emergency Medical Services Council, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Effect of Adopting New Accounting Standard

As discussed in Note 2 to the financial statements, the Financial Accounting Standards Board has issued Accounting Standards Update No. 2016-14, "*Not-for-Profit Entities*" (Topic 958), "*Presentation of Not-for-Profit Entities*." Under the new standard, not-for-profits present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) on the face of the statement of financial position and present the change in those two classes on the statement of activities and changes in net assets. The new standard also enhances disclosures regarding board designations and net assets with donor restrictions and how the designations and restrictions affect the use of resources. The disclosures provide qualitative and quantitative information about how a not-for-profit manages liquid resources. Expenses are presented by both their natural and functional classification either on the statement of functional expenses or in the notes to the financial statements. Our opinion is not modified with respect to this matter.



January 6, 2020

PENINSULAS EMERGENCY MEDICAL SERVICES COUNCIL, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2019

ASSETS

**Current Assets**

Cash and cash equivalents	\$ 154,417
Accounts receivable	100,962
Prepaid expenses	<u>6,740</u>

**Total current assets** 262,119

**Property and Equipment**

Computer equipment	61,285
Drug boxes	95,736
Furniture and equipment	23,191
Leasehold improvements	39,999
Radios	411
Vehicles	78,421
Less: accumulated depreciation	<u>(221,011)</u>

**Net property and equipment** 78,032

**Other Assets**

Security deposits	<u>2,319</u>
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**Total other assets** 2,319

**Total Assets** \$ 342,470

LIABILITIES AND NET ASSETS

**Current Liabilities**

Accounts payable	\$ 24,437
Accrued payroll	12,811
Accrued vacation	<u>16,554</u>

**Total current liabilities and total liabilities** 53,802

**Net Assets**

Without donor restrictions	217,252
With donor restrictions	<u>71,416</u>

**Total net assets** 288,668

**Total Liabilities and Net Assets** \$ 342,470

See accompanying notes to financial statements.

**PENINSULAS EMERGENCY MEDICAL SERVICES COUNCIL, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**For the year ended June 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public Support and Revenue</b>			
Public Support			
Local support	\$ 82,106	\$ -	\$ 82,106
Grants	37,640	80,000	117,640
Net assets released from restrictions	<u>8,584</u>	<u>(8,584)</u>	<u>-</u>
<b>Total public support</b>	<u>128,330</u>	<u>71,416</u>	<u>199,746</u>
 Revenue			
State funds	457,860	-	457,860
Training materials	19,435	-	19,435
Other	<u>6,080</u>	<u>-</u>	<u>6,080</u>
<b>Total revenue</b>	<u>483,375</u>	<u>-</u>	<u>483,375</u>
 <b>Total public support and revenue</b>	<u>611,705</u>	<u>71,416</u>	<u>683,121</u>
 <b>Expenses</b>			
Program	519,687	-	519,687
General and administrative	<u>65,302</u>	<u>-</u>	<u>65,302</u>
<b>Total expenses</b>	<u>584,989</u>	<u>-</u>	<u>584,989</u>
 <b>Change in Net Assets</b>	<b>26,716</b>	<b>71,416</b>	<b>98,132</b>
 <b>Net Assets, beginning of year</b>	<u>190,536</u>	<u>-</u>	<u>190,536</u>
 <b>Net Assets, end of year</b>	<u>\$ 217,252</u>	<u>\$ 71,416</u>	<u>\$ 288,668</u>

See accompanying notes to financial statements.

PENINSULAS EMERGENCY MEDICAL SERVICES COUNCIL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2019

	<u>Program</u>	<u>General and Administrative</u>	<u>Total</u>
Staffing and payroll	\$ 332,336	\$ 36,926	\$ 369,262
Communications	10,889	1,210	12,099
Depreciation	22,084	2,454	24,538
Educational supplies	24,911	-	24,911
Facilities	42,020	4,669	46,689
Financial fees	3,905	5,857	9,762
Grant support costs	8,584	-	8,584
Insurance	1,717	1,716	3,433
Interest expense	333	83	416
Loss on disposal	-	1,546	1,546
Miscellaneous	8,035	892	8,927
Office supplies	12,415	3,104	15,519
Office expense	45,142	5,016	50,158
Travel	7,316	1,829	9,145
	<u>\$ 519,687</u>	<u>\$ 65,302</u>	<u>\$ 584,989</u>

See accompanying notes to financial statements.

**PENINSULAS EMERGENCY MEDICAL SERVICES COUNCIL, INC.**

**STATEMENT OF CASH FLOWS**

**For the year ended June 30, 2019**

<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ 98,132
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities	
Depreciation	24,538
Loss on disposal	1,546
 (Increase) decrease in operating assets	
Accounts receivable	121
Prepaid expenses	(5,678)
 Increase (decrease) in operating liabilities	
Accounts payable	6,740
Accrued payroll and vacation	10,759
Deferred revenue	<u>(7,207)</u>
 <b>Net cash and cash equivalents provided by operating activities</b>	 <b><u>128,951</u></b>
 <b>Cash Flows from Investing Activities</b>	
Purchase of property and equipment	<u>(32,710)</u>
 <b>Net cash and cash equivalents used by investing activities</b>	 <b><u>(32,710)</u></b>
 <b>Cash Flows from Financing Activities</b>	
Repayments on line of credit	<u>(20,000)</u>
 <b>Net cash and cash equivalents used by financing activities</b>	 <b><u>(20,000)</u></b>
 <b>Net increase in cash</b>	 <b>76,241</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b><u>78,176</u></b>
<b>Cash and Cash Equivalents, end of year</b>	<b><u>\$ 154,417</u></b>
 <b>Supplemental Disclosure of Cash Flow Information</b>	
Interest paid	\$ 416

See accompanying notes to financial statements.



**PENINSULAS EMERGENCY MEDICAL SERVICES COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**1. Nature of Organization**

Peninsulas Emergency Medical Services Council, Inc. (the Council) is a not-for-profit corporation which coordinates emergency services, equipment, and training for sixteen localities on the Virginia peninsulas. Primary funding is provided by the Department of Health, Office of Emergency Medical Services (OEMS), of the Commonwealth of Virginia. In the normal course of business, the Council provides credit under standard terms without collateral.

**2. Summary of Significant Accounting Policies**

*Basis of Accounting:* The financial statements of the Council have been prepared on the accrual basis of accounting. Under this accounting method, income is recorded as earned and expenses are recorded as incurred.

*Cash and Cash Equivalents:* The Council considers all highly liquid investments, including time deposits intended to be held until maturity, to be cash equivalents.

*Accounts Receivable:* The Council periodically evaluates accounts receivable for collectability. As of June 30, 2019, management considers all accounts to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded.

*Property and Equipment:* Acquisitions of property and equipment in excess of \$1,000 are capitalized. Purchases are stated at cost. Property and equipment are depreciated over estimated useful lives of three to seven years using the straight-line method. Leasehold improvements are stated at cost and are amortized over the shorter of the useful life of the improvement or the remaining lease term.

*Accrued Vacation:* Full-time employees are entitled to ten days of vacation plus three paid personal days per year for the first year of work after successful completion of the initial 90-day probationary period. Thereafter, employees are entitled to fifteen paid vacation days plus four paid personal days per year. A maximum of five days of vacation may be carried over to the following year.

*Net Assets:* Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions - Net assets available for use in general operation and not subject to donor-imposed restrictions.
- Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that can be filled by the actions of the Council pursuant to those restrictions or that expire by the passage of time. Some donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity, the Council currently has no restrictions that are perpetual in nature. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

**PENINSULAS EMERGENCY MEDICAL SERVICES COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019**

**2. Summary of Significant Accounting Policies - Continued**

*Donated Facilities, Personal Property, and Services:* The value of donated materials and services includes items that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills and were provided by individuals possessing those skills. These items would typically have been purchased, if not donated; therefore, their value is recognized in the financial statements.

*Advertising Costs:* The Council expenses advertising costs as they are incurred.

*Functional Allocation of Expenses:* The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated, on a reasonable and consistent basis, among the programs and supporting services benefited. The expenses have been allocated based on an estimate of personnel time and effort.

*Income Taxes:* The Council is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Furthermore, it is classified as a publicly supported charitable organization under Section 509(a)(1) of the Internal Revenue Code and qualifies for the maximum charitable contribution deduction for its donors. As a result, the accompanying financial statements include no provision for income taxes. A Return of Organization Exempt from Income Tax (Form 990) is required to be filed annually with the Internal Revenue Service. The federal tax returns from 2015 forward are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

*Estimates:* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Change in Accounting Policy:* FASB issued Accounting Standards Update 2016-14, "Not-for-Profit Entities" (Topic 958), "Presentation of Not-for-Profit Entities." The ASU is effective for annual reporting periods beginning after December 15, 2017.

*Evaluation of Subsequent Events:* Management has evaluated subsequent events through January 6, 2020, which is the date the financial statements were available to be issued.

**3. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

**PENINSULAS EMERGENCY MEDICAL SERVICES COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019**

**3. Liquidity and Availability - Continued**

Cash and cash equivalents	\$ 154,417
Accounts receivable	100,962
	255,379
Less restricted cash	(71,416)
	<b>\$ 183,963</b>

As part of the Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**4. Concentration of Credit Risk**

Financial instruments that potentially subject the Council to a concentration of credit risk consist principally of cash (from time to time, in excess of FDIC insurance limits).

**5. Operating Leases**

The Council has an operating lease agreement for office space expiring August 31, 2026. The lease requires the Council to pay electricity and other common area maintenance on the space, not to exceed \$8,725 per year. The lease contains a conditional rent abatement provided that there is no default by the Council. Rent expense was \$41,677 for the year ended June 30, 2019.

The future minimum lease payments and conditional rent abatement are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>	<u>Conditional Abatement</u>	<u>Minimum Lease Payments</u>
2020	\$ 45,045	\$ 9,981	\$ 35,064
2021	46,346	10,231	36,115
2022	47,686	10,488	37,198
2023	49,066	10,751	38,315
2024	50,485	11,021	39,464
Thereafter	60,644	13,188	47,456

**PENINSULAS EMERGENCY MEDICAL SERVICES COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019**

**6. Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2019:

	<u>Balance</u> <u>7/1/2018</u>	<u>Receipts less</u> <u>Fees and</u> <u>Transfers</u>	<u>Released from</u> <u>Restriction</u>	<u>Balance</u> <u>6/30/2019</u>
<b>Subject to expenditure for specific purpose:</b>				
Paramedicine	\$ -	\$ 40,000	\$ 6,331	\$ 33,669
Regional behavioral health	-	40,000	2,253	37,747
<b>Total donor restricted</b>	<b><u>\$ -</u></b>	<b><u>\$ 80,000</u></b>	<b><u>\$ 8,584</u></b>	<b><u>\$ 71,416</u></b>

**7. Concentration of Revenue**

The Council received a significant portion of its revenue and support from OEMS and Sentara Medical under various contracts and grants. Revenues from OEMS and Sentara accounted for approximately 51% and 13%, respectively, of total revenue for the year ended June 30, 2019. In addition, the Council receives a significant portion of its revenue and support from local government jurisdictions. Approximately 12% of revenue came from local government jurisdictions during the year ended June 30, 2019.

**8. Commitments and Contingencies**

Expenditures of grant funds received by the Council are subject to review by the granting agencies. Such subsequent reviews could result in the Council having to refund grants previously received or having such adjustments withheld for future grants. Management believes all grant funds have been expended in accordance with the requirements of the grants and any such future adjustments would be immaterial. Therefore, no provision for refundable grants has been made as of June 30, 2019.

**9. Line of Credit**

The Council obtained a nonrenewable line of credit for \$45,000 (increased in 2017) in May of 2013, maturing May 6, 2020. The line is unsecured and carries an interest rate of 7%. As of June 30, 2019 the Council paid off the line of credit. Interest of \$416 was paid on the line.