

***FAIRVIEW TOWNSHIP EMERGENCY
MEDICAL SERVICES, INC.***

***YEARS ENDED
DECEMBER 31, 2014 AND 2013***



Independent Auditors' Report

Officers

Fairview Township Emergency Medical Services, Inc.
New Cumberland, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Fairview Township Emergency Medical Services, Inc. (the Organization), which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2014 and 2013, and the related statements of revenues, expenses and changes in net assets – 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 financial statements in accordance with the modified cash basis of accounting as described in Note 1; 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 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 audits 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 auditors consider internal control relevant to the Organization'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 Organization'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.

FAIRVIEW TOWNSHIP EMERGENCY MEDICAL SERVICES, INC.

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS
(Modified cash basis)

DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets, cash	<u>\$ 224,479</u>	<u>\$ 88,627</u>
Property and equipment	712,610	703,464
Accumulated depreciation	<u>(490,356)</u>	<u>(459,461)</u>
Net property and equipment	<u>222,254</u>	<u>244,003</u>
Total assets	<u>\$ 446,733</u>	<u>\$ 332,630</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Line of credit	\$ 8,374	\$ 48,342
Payroll withholdings	1,904	1,959
Current portion of long-term debt	<u>2,501</u>	<u>2,501</u>
Total liabilities, all current	10,278	52,802
Net assets, unrestricted	<u>436,455</u>	<u>279,828</u>
Total liabilities and net assets	<u>\$ 446,733</u>	<u>\$ 332,630</u>

See notes to financial statements.

FAIRVIEW TOWNSHIP EMERGENCY MEDICAL SERVICES, INC.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (CONTINUED)
(Modified cash basis)

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Expenses (continued):		
Uniforms	\$ 2,741	\$ 8,138
Training	1,861	1,062
Postage	3,845	4,723
Equipment rental	1,247	1,251
Telephone	1,683	1,540
Bank charges	4,032	6,472
Dues and subscriptions		100
Interest expense	2,046	4,673
Fund-raising expenses	1,117	809
Utilities	1,753	1,298
	<u>641,004</u>	<u>637,225</u>
Total expenses		
Change in net assets	156,627	128,136
Unrestricted net assets:		
Beginning of year	<u>279,828</u>	<u>151,692</u>
End of year	<u>\$ 436,455</u>	<u>\$ 279,828</u>

See notes to financial statements.

FAIRVIEW TOWNSHIP EMERGENCY MEDICAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
(Modified cash basis)

YEARS ENDED DECEMBER 31, 2014 AND 2013

1. Summary of significant accounting policies (continued):

Property and equipment:

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over useful lives of five to ten years for property and equipment, except a 25-year life is being used for leasehold improvements. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged against income as paid; significant acquisitions and improvements are capitalized.

Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Income taxes:

The Organization has been recognized as exempt from federal income tax as well as federal unemployment tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income tax liability is incurred unless the Organization earns income considered to be unrelated business income.

The Organization follows the disclosure requirements of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 740-10, *Income Taxes*, as it relates to uncertain tax positions of nonprofit entities. The Organization evaluates its uncertain tax positions, if any, on an annual basis. The Organization files Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service. The Organization is currently open to audit under the statute of limitations by the Internal Revenue Service for the years ended December 2011 through 2014.

Donated goods and services:

The time of the many volunteers is donated to the Organization. The value of these contributed services is not included in these financial statements because it does not meet the criteria for recognition as contributed services and is not normally recognized under the modified cash basis of accounting.

FAIRVIEW TOWNSHIP EMERGENCY MEDICAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
(Modified cash basis)

YEARS ENDED DECEMBER 31, 2014 AND 2013

3. Fairview Township contributions (continued):

During 2005, the Township extended a loan to facilitate the construction of an ambulance storage facility at the Organization's new office site. The Organization borrowed \$90,000 from the Township during 2005 to construct the new facility. The loan was paid in full in 2013.

4. Contingencies:

The Organization is exposed to various risks of loss related to the nature of the activity performed by the Organization. The Organization maintains commercial insurance covering these risks of loss. Management believes coverage is sufficient to preclude any significant uninsured losses. Previous claims have not exceeded this commercial coverage.

5. Billable service fees outstanding:

As of December 31, 2014 and 2013, the Organization was owed \$179,784 and \$190,787 of billed service fees for the years 2014 and 2013, respectively. These outstanding fees are not included in these modified cash basis financial statements. Management has not determined the collectability of the 2014 and 2013 fees.

6. Commitments:

The Organization executed a 25-year lease at 520 Locust Road within the Township commencing on June 1, 2005. The Organization can terminate the lease with one year's written notice. The lease is payable in monthly installments ranging from \$800 to \$1,200 per month during the term of the lease. During 2014 and 2013, the Organization paid rental expense of \$10,800 and \$10,500 on the lease, respectively.

FAIRVIEW TOWNSHIP EMERGENCY MEDICAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
(Modified cash basis)

YEARS ENDED DECEMBER 31, 2014 AND 2013

9. Line of credit:

During 2008, the Organization established a business line of credit with M&T Bank for \$50,000. During 2012, the business line of credit was increased to \$75,000. The loan bears an interest rate of 1% above the bank's prime rate. The bank has secured all real and personal property of the Organization as collateral for the loan. As of December 31, 2014 and 2013, the line had an outstanding balance of \$8,374 and \$48,342, respectively, and an interest rate of 6.75% and 6.75%, respectively.