

**STAUNTON AREA AMBULANCE
SERVICE**

FINANCIAL STATEMENTS

December 31, 2016

STAUNTON AREA AMBULANCE SERVICE

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6



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Independent Auditors' Report

To the Board Members
Staunton Area Ambulance Service

Report on the Financial Statements

We have audited the accompanying financial statements of Staunton Area Ambulance Service (an Illinois nonprofit organization) which comprise the statement of financial position as of December 31, 2016, the related statement of activities, and the statement of 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.

Auditors' 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 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.

Other Locations

Belleville, IL • Carbondale, IL • Columbia, IL • Springfield, IL • Cape Girardeau, MO • St. Louis, MO • Milwaukee, WI

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Staunton Area Ambulance Service as of December 31, 2016, and the changes in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Kerber, Eck & Braeckel CP

Litchfield, Illinois
August 21, 2017

STAUNTON AREA AMBULANCE SERVICE

STATEMENT OF FINANCIAL POSITION

December 31, 2016

ASSETS

Cash	\$	47,810
Accounts receivable (net of allowance for doubtful accounts of \$616,624)		577,932
Prepaid expenses		14,424
Property and equipment - net		<u>527,178</u>
Total assets	\$	<u><u>1,167,344</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$	10,338
Deferred revenue		<u>98,193</u>
Total liabilities		108,531

Unrestricted net assets		<u>1,058,813</u>
Total liabilities and net assets	\$	<u><u>1,167,344</u></u>

See notes to financial statements.

STAUNTON AREA AMBULANCE SERVICE

STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

REVENUES

Patient services	\$ 3,557,666
District per capita	117,831
Event coverage	3,600
Contributions and grants	7,305
Interest income	536
Other income	1,435
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Total revenues	3,688,373
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EXPENSES

Billing expense	118,858
Contractual adjustments and bad debts	1,813,333
Depreciation	117,588
Education and training	10,074
Fuel	59,645
Insurance	255,080
Insurance-health	9,656
Legal and professional	8,494
License and fees	3,274
Medical supplies	29,819
Miscellaneous	20,294
Mobile phones/radios	1,111
Office supplies and postage	30,244
Oxygen	21,406
Payroll expense	1,182,562
Promotion	1,268
Repairs and maintenance	84,177
Taxes-real estate	195
Uniforms	3,298
Utilities	36,485
	<hr/>
Total expenses	3,806,861
	<hr/>

DECREASE IN UNRESTRICTED NET ASSETS (118,488)

Net assets at beginning of year	<hr/>
	1,177,301
Net assets at end of year	<hr/>
	\$ 1,058,813
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See notes to financial statements.

STAUNTON AREA AMBULANCE SERVICE

STATEMENT OF CASH FLOWS

Year Ended December 31, 2016

Increase (decrease) in cash	
Cash flows from operating activities	
Decrease in net assets	\$ (118,488)
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:	
Depreciation	117,588
Changes in assets and liabilities:	
Accounts receivable	(53,444)
Prepaid expense	9,589
Accounts payable	<u>(5,579)</u>
Net cash used in operating activities	<u>(50,334)</u>
Cash flows from investing activities	
Purchase of property and equipment	<u>(3,400)</u>
Net decrease in cash	(53,734)
Cash, beginning of year	<u>101,544</u>
Cash, end of year	<u><u>\$ 47,810</u></u>

See notes to the financial statements.

STAUNTON AREA AMBULANCE SERVICE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

Nature of Organization

Staunton Area Ambulance Service (the Service), an Illinois non-profit corporation, was incorporated on May 18, 1977, under the laws of the State of Illinois. The Service's purpose is to operate, maintain, and direct a complete ambulance service.

Net Assets

The Service is required to report information regarding its financial position and activities according to three classes of net assets. These are: (1) Unrestricted net assets represent those net assets whose use is not restricted by the donors; (2) Temporarily restricted net assets represent those assets whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by the actions of the Service pursuant to those stipulations; (3) Permanently restricted net assets represent those net assets whose use has been limited by donor-imposed stipulations that must be maintained in perpetuity. The Service had no temporarily restricted or permanently restricted net assets at December 31, 2016.

Property and Equipment

Property and equipment are recorded at cost. The Service capitalizes all purchases of property and equipment in excess of \$1,000 or items which are considered attractive or easily pilfered. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, which range from 5 to 40 years.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of 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.

Accounts Receivable

Accounts receivable is reported net of the allowance for doubtful accounts. The allowance for doubtful accounts is an estimate of the uncollectible portion. The amount is based on a blended average of realization percentage experienced in 2016.

STAUNTON AREA AMBULANCE SERVICE

NOTES TO THE FINANCIAL STATEMENTS

Contributed Services

Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets or would have been purchased if not provided by donation, require special skills and are provided by individuals possessing such skills. Volunteers have made contributions of their time to the Service to serve on the board of directors. The value of this contributed time is not reflected in the financial statements as such services either do not require specialized skills or would not typically be purchased had they not been provided as donations.

Donated Land

The Organization leases land from the City of Staunton under an operating lease agreement. The lease has an annual payment of \$1. For the year ended December 31, 2016, the estimated fair value of the lease was \$7,200. An in-kind contributions and lease expense of \$7,200 was recorded in connection with the lease agreement.

Income Taxes

The Service is a tax exempt entity under of the Internal Revenue Code Section 501(c)(4). The Service is exempt from income taxes on related income under Section 501(a) of the Code. The Service files federal informational returns. The statutes of limitation for informational returns filed for the years ended December 31, 2013 through 2016 have not expired and therefore are subject to examination.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2016:

Land	\$	45,343
Equipment		517,760
Vehicles		690,936
Buildings		<u>274,183</u>
Total assets at cost		1,528,222
Accumulated depreciation		<u>(1,001,044)</u>
Net Total	\$	<u><u>527,178</u></u>

STAUNTON AREA AMBULANCE SERVICE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – DEFERRED REVENUE

The Service received support from four fire districts based on the per capita within each district. The deferred revenue reflects the amount of monies received from the fire districts in the current year for services to be provided the following year. The service years for the fire districts begin on November 1 and end on October 31.

NOTE 4 – LINE OF CREDIT

The Service established a line of credit up to \$120,000 with the Bank of Springfield to meet short-term working capital needs. Interest on any outstanding funds is payable monthly at a rate of 4.25%. The maturity date is December 19, 2017. The credit line is secured by a 2014 International Ambulance owned by the Service. There was no borrowing or balance outstanding or related interest expense on the line of credit for the year ended December 31, 2016.

NOTE 5 – SUBSEQUENT EVENTS

The Service has evaluated subsequent events through August 21, 2017, the date which the financial statements were available to be issued.

The Service purchased the land which they were leasing from the City of Staunton for \$1 plus closing costs in January 2017.

The Service, with the approval of the voters, established a Special Service Area that levies a property tax to help fund ambulance services. The property tax was first levied in December and is to be collected by the Service in the third quarter of 2017.