

**STAUNTON AREA AMBULANCE
SERVICE**

FINANCIAL STATEMENTS

December 31, 2017

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, 2017, 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.

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, 2017, 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.

Kenber Eck & Braeckel, LLP

Litchfield, Illinois
August 21, 2018

STAUNTON AREA AMBULANCE SERVICE

STATEMENT OF FINANCIAL POSITION

December 31, 2017

ASSETS

Cash	\$	85,531
Accounts receivable (net of allowance for doubtful accounts of \$632,456)		206,232
Accounts receivable -District per Capita		73,500
Accounts receivable - STEMI		1,800
Property and equipment - net		<u>646,783</u>
Total assets	\$	<u><u>1,013,846</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$	22,769
Deferred revenue		61,250
Capital lease obligations		<u>215,603</u>
Total liabilities		299,622

Unrestricted net assets

Unrestricted net assets		<u>714,224</u>
Total liabilities and net assets	\$	<u><u>1,013,846</u></u>

See notes to financial statements.

STAUNTON AREA AMBULANCE SERVICE

STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

REVENUES

Patient services	\$ 3,396,200
Fire district levy	335,624
District per capita	122,443
Event coverage	14,230
Contributions and grants	27,389
Gain on sale of asset	16,869
STEMI income	7,920
Other income	8,086
Total revenues	<u>3,928,761</u>

EXPENSES

Billing expense	118,906
Contractual adjustments and bad debts	2,197,772
Depreciation	131,365
Education and training	10,304
Fuel	75,053
Insurance-worker's compensation	172,978
Insurance- business	14,477
Insurance-health	21,441
Interest expense	15,175
Legal and professional	16,562
License and fees	1,129
Medical supplies	54,179
Miscellaneous	13,843
Office supplies and postage	20,942
Payroll expense-Director	60,474
Payroll expense-Office	48,656
Payroll expense-EMT	1,108,556
Promotion	2,063
Repairs and maintenance	154,357
Utilities	35,118
Total expenses	<u>4,273,350</u>

DECREASE IN UNRESTRICTED NET ASSETS (344,589)

Net assets at beginning of year	<u>1,058,813</u>
Net assets at end of year	<u>\$ 714,224</u>

See notes to financial statements.

STAUNTON AREA AMBULANCE SERVICE

STATEMENT OF CASH FLOWS

Year Ended December 31, 2017

Increase (decrease) in cash	
Cash flows from operating activities	
Decrease in net assets	\$ (344,589)
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:	
Depreciation	131,365
Bad debt provision	15,832
Gain on sale of asset	(16,869)
Changes in assets and liabilities:	
Accounts receivable	280,568
Prepaid expense	14,424
Deferred revenue	(36,943)
Accounts payable	12,431
Net cash provided by operating activities	<u>56,219</u>
Cash flows from investing activities	
Purchase of property and equipment	(289,101)
Proceeds from sale of ambulance	<u>55,000</u>
Net cash used in investing activities	<u>(234,101)</u>
Cash flows from financing activities	
Proceeds from borrowings under capital leases	287,692
Principal payments on borrowings	<u>(72,089)</u>
Net cash provided by financing activities	<u>215,603</u>
Net increase in cash	37,721
Cash, beginning of year	<u>47,810</u>
Cash, end of year	<u>\$ 85,531</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, 2017.

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. The major estimates are allowance for doubtful accounts and depreciation.

Accounts Receivable

Accounts receivable is reported net of the allowance for doubtful accounts. The allowance for doubtful accounts is an estimate using 100% of all receivables over 120 days old and the complement of the realization percentage experienced in 2017 for all other receivables.

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.

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, 2014 through 2017 have not expired and therefore are subject to examination.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2017:

Land	\$	46,752
Equipment		805,452
Vehicles		626,876
Buildings		<u>274,183</u>
Total assets at cost		1,753,263
Accumulated depreciation		<u>(1,106,480)</u>
Net Total	\$	<u><u>646,783</u></u>

STAUNTON AREA AMBULANCE SERVICE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – DEFERRED REVENUE

The Service received support from the Staunton Fire District based on the per capita. The deferred revenue reflects the amount of monies received from one fire district in the current year for services to be provided the following year. The service year for the fire district begins on November 1 and ends on October 31. During fiscal year 2017, the Service received their final fire district revenue based on the per capita and have deferred revenue of \$61,250 to fiscal year 2018.

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 4.75%. The maturity date is December 19, 2018. The credit line is secured by a 2014 International Ambulance owned by the Service. There was no balance outstanding for the year end December 31, 2017. There was \$791 related interest expense on the line of credit for the year ended December 31, 2017.

NOTE 5- LEASES

The Service leases medical equipment under agreements classified as capital leases. The cost of equipment purchased under the capital leases totaled \$287,692 in 2017 and has been included in equipment. Depreciation expense of the leased equipment for 2017 was \$22,300 and has been included in depreciation expense.

The future minimum lease payments under the capital leases and the present value of the net minimum lease payments as of December 31, 2017 are as follows:

	2018	\$ 32,500
	2019	86,474
	2020	86,474
	2021	<u>32,500</u>
Total minimum lease payments		237,948
Less amount representing interest		<u>(22,345)</u>
Present value of net minimum lease payments		<u>\$ 215,603</u>

STAUNTON AREA AMBULANCE SERVICE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – SUBSEQUENT EVENTS

The Service has evaluated subsequent events through August 21, 2018, the date which the financial statements were available to be issued.