

**STAUNTON AREA AMBULANCE SERVICE, INC.
REPORT AND FINANCIAL STATEMENTS
DECEMBER 31, 2022**

STAUNTON AREA AMBULANCE SERVICE, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Staunton Area Ambulance Service, Inc.
Staunton, IL

Opinion

We have audited the accompanying financial statements of Staunton Area Ambulance Service, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2022, and the related statement of support, revenues, expenses, and changes in net assets – modified cash basis, statement of functional expenses – modified cash basis and statement of cash flows – modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Staunton Area Ambulance Service, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note B.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Staunton Area Ambulance Service, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note B of the financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note B, and for 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than

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for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

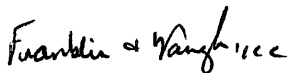
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Staunton Area Ambulance Service Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Staunton Area Ambulance Service Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of Matter

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Staunton Area Ambulance Service, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued. As discussed in further detail in Note H to the financial statements, the Service is subject to a lawsuit, which is currently pending, related to personal injuries suffered in a wreck while transporting a patient. Our opinion is not modified with respect to this matter.



Franklin & Vaughn, LLC
Edwardsville, Illinois
November 15, 2023

STAUNTON AREA AMBULANCE SERVICE, INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS
MODIFIED CASH BASIS
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash	\$ 33,286
Total Current Assets	33,286

FIXED ASSETS

Equipment	782,219
Building & Improvements	290,613
Vehicles	292,529
Land	46,752
Accumulated Depreciation	(999,695)
Total Fixed Assets	412,418

TOTAL ASSETS	445,704
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Payroll Withholding Payable	724
Current Portion - Notes Payable	386,613
Total Current Liabilities	387,337

LONG-TERM LIABILITIES

Notes Payable	83,838
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TOTAL LIABILITIES	471,175
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NET ASSETS

Without Donor Restriction	(25,471)
Total Net Assets	(25,471)

TOTAL LIABILITIES AND NET ASSETS	\$ 445,704
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The accompanying notes are an integral part of this statement.

STAUNTON AREA AMBULANCE SERVICE, INC.
STATEMENT OF SUPPORT, REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>
SUPPORT AND REVENUE:	
Patient Fees	\$ 567,162
Fire District Levy	129,027
Real Estate Tax Levy	148,111
Grants	44,965
Contributions	310
Other	500
 TOTAL SUPPORT AND REVENUE	 <u>890,075</u>
 EXPENSES	
Program Services	858,283
Supporting Services	
Management & General	274,969
TOTAL EXPENSES	<u>1,133,252</u>
 CHANGE IN NET ASSETS BEFORE OTHER CHANGE IN NET ASSETS	 (243,177)
 OTHER CHANGES IN NET ASSETS	
Gain/(Loss) on Sale of Fixed Assets	(7,155)
Interest Income	79
TOTAL OTHER CHANGES IN NET ASSETS	<u>(7,076)</u>
 CHANGE IN NET ASSETS	 (250,253)
 NET ASSETS, Beginning of Year	 <u>224,782</u>
 NET ASSETS, End of Year	 <u><u>\$ (25,471)</u></u>

The accompanying notes are an integral part of this statement.

STAUNTON AREA AMBULANCE SERVICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
Wages	\$ 545,337	\$ 95,801	\$ 641,138
Payroll taxes	32,078	14,257	46,335
Total Salaries & Related Expenses	577,415	110,058	687,473
Advertising		470	470
Bank Fees		890	890
Billing Expense		38,780	38,780
Depreciation	91,606	168	91,774
Dispatch Fees	5,500		5,500
Education & Training	5,261		5,261
Equipment Expense	8,244	400	8,644
Fuel	32,513		32,513
Insurance			
Worker's Compensation	84,768	14,892	99,660
Business		10,346	10,346
Health	7,949	1,396	9,345
Interest Expense		7,118	7,118
Legal & Professional		65,119	65,119
Licenses & Fees		652	652
Medical Supplies	21,684		21,684
Miscellaneous	477	3,173	3,650
Office Supply & Postage		273	273
Repairs & Maintenance	21,681	2,595	24,276
Uniforms	1,185		1,185
Utilities		18,639	18,639
Total Other Expenses	280,868	164,911	445,779
Total Expenses	<u>\$ 858,283</u>	<u>\$ 274,969</u>	<u>\$ 1,133,252</u>

The accompanying notes are an integral part of this statement.

STAUNTON AREA AMBULANCE SERVICE, INC.
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2022

	<u>Total</u>
OPERATING ACTIVITIES	
Change in Net Assets	\$ (250,253)
Adjustments to Reconcile Net Revenue to Net Cash Provided by Operations:	
Depreciation Expense	91,774
Loss on Sale of Fixed Assets	7,155
Increase in Payroll Taxes Payable	706
Total Adjustments to Reconcile Net Revenue to Net Cash Provided by Operations:	99,635
Net Cash Used by Operating Activities	<u>(150,618)</u>
INVESTING ACTIVITIES	
Purchase of Fixed Assets	(15,419)
Proceeds from Sale of Equipment	1,000
Net Cash Provided by Investing Activities	<u>(14,419)</u>
FINANCING ACTIVITIES	
Borrowing on Line of Credit	144,000
Borrowing on Working Capital Loan	5,000
Payments on Long Term Notes Payable	(24,622)
Net Cash Provided by Financing Activities	<u>124,378</u>
NET INCREASE IN CASH	(40,659)
Cash at Beginning of Period	<u>73,945</u>
Cash at End of Period	<u>\$ 33,286</u>
Interest Paid	<u>\$ 7,148</u>
Income Taxes Paid	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

STAUNTON AREA AMBULANCE SERVICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A: NATURE OF ORGANIZATION

Staunton Area Ambulance Service (the Service) is an Illinois non-profit corporation. The Service 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 emergency care ambulance service. The Service covers the area including the fire districts of Staunton, New Douglas, Olive, and Worden. The Service was approved to change its tax exempt status from 501(c)(4) to 501(c)(3) during the previous year.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United State of America (GAAP). This basis of accounting differs from GAAP primarily because certain revenue and related assets (such as accounts receivable and revenue for billed or provided services not yet collected, and other accrued revenue and receivables) have been recognized when received rather than when earned and certain expenses and related liabilities (such as accounts payable and expenses for goods or services received but not yet paid, and other accrued liabilities and expenses) have been recognized when paid rather than when the obligations were incurred.

Net Assets

Net assets 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 Restriction – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be satisfied by actions of the Service or passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All other donor-restricted contributions are reported as increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of supports, revenues, expenses, and change in net assets – modified cash basis as net assets released from restrictions. The Service treats donations received with restriction and then used according to that restriction within the same year as unrestricted.

Cash

Cash includes cash on hand in checking and savings accounts.

Property and Equipment

Property and equipment are recorded at cost. The Service capitalizes all purchases of property and equipment in excess of \$2,500. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, which range from 5 – 40 years.

STAUNTON AREA AMBULANCE SERVICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue Recognition

Revenue is recognized when received. The majority of the Service's revenue is derived from providing emergency medical services and assisting with medical-related transportation. The Service also has agreements with certain local fire protection districts in the Service's coverage area to help defray some of the expenses not covered by patient service revenue. This support and revenue is recorded as fire district levy revenue in the statement of support, revenues, expenses, and change in net assets – modified cash basis.

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 do not require specialized skill or would not typically be purchased had they not been provided as donations.

Functional Expenses

Directly identifiable expenses are charged to program services in the statement of support, revenues, expenses, and changes in net assets – modified cash basis. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Service. Expenses related to more than one function are charged to program services and management and general on the basis of the Service's allocation. Payroll related expenses are allocated using the ratio of time spent performing various job duties. All other expenses are allocated based on the primary purpose that the expense serves.

Advertising Costs

Advertising costs are charged to management and general. Advertising costs are expensed as incurred and the total advertising related expenses amount to \$470 for the year, as presented in the statement of functional expenses – modified cash basis.

Use of Estimates

In preparing financial statements in conformity with the modified cash basis of accounting, 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. Actual results could differ from those estimates.

Income taxes

The Service is a tax-exempt entity of the Internal Revenue Code Section 501(c)(3). The Service is exempt from income taxes on related income under Section 501(a) of the Code. The Service files federal and state informational returns. These returns are generally subject to examination by the Internal Revenue Service for three years from the date they are filed.

STAUNTON AREA AMBULANCE SERVICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE C: LIQUIDITY AND AVAILABILITY

Staunton Area Ambulance Service has \$33,286 of financial assets available for use within one year of the statement of assets, liabilities, and net assets – modified cash basis date, which consists of cash deposits. The Service could also draw on a line of credit as discussed in Note E, should there become a need. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of assets, liabilities, and net assets – modified cash basis date. Staunton Area Ambulance Service has a goal to maintain liquid financial assets available to continue operations. Annual operations tend to approximate \$1.0 million.

NOTE D: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2022:

Land	\$ 46,752
Equipment	782,219
Vehicles	292,529
Building and Improvements	290,613
Total Assets	<u>\$ 1,412,113</u>
Less: Accumulated Depreciation	<u>(999,695)</u>
Net Property and Equipment	<u>\$ 412,418</u>

Depreciation expense for the year ending December 31, 2022, is \$91,774.

NOTE E: LINE OF CREDIT

The Service established an additional line of credit up to \$150,000 with the Bank of Springfield to meet short-term working capital needs with interest payable monthly on any outstanding balance. Interest is charged at a rate of 8.6% at year end. The line of credit matures on December 14, 2023. This line of credit is secured by a commercial security agreement dated December 19, 2020, on the mortgage of two pieces of property owned by the Service as well as certain equipment and all other assets of the Service. The outstanding balance at December 31, 2022, was \$144,000.

The Service established an additional line of credit up to \$200,000 with the Bank of Springfield. This line of credit requires interest payments monthly on any outstanding balance at a rate of 1.67%. The line of credit matures January 10, 2023. The line of credit is secured by a commercial security agreement dated July 10, 2020, on the mortgage of two pieces of property owned by the Service and all other assets of the Service. The outstanding balance at December 31, 2022, was \$199,570. The balance was not paid off by the maturity date of the loan. The Service has since entered into an agreement with the Bank of Springfield to pay off the debt in annual payments of \$40,000 beginning in 2024 until the debt is paid off. The Service plans to pay off the remaining loans and credit debt as normal.

NOTE F: LONG-TERM DEBT

The Service secured a note payable with the Bank of Springfield with an original balance of \$101,500 on March 25, 2020. It is collateralized by the Service's 2019 Ford E450 ambulance. Principal and interest payments of \$1,288 are due on the 25th of the month. The note bears an APR of 1.81% and matures-

STAUNTON AREA AMBULANCE SERVICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE F: LONG-TERM DEBT (cont'd)

March 25, 2027. The Service secured an additional note payable with the Bank of Springfield with an original balance of \$76,749 on September 7, 2021. It is collateralized by the Service's 2020 Ford Transit 250 ambulance. Principal and interest payments of \$974 are due on the 7th of the month. The note bears an APR of 1.81% and matures September 7, 2028.

The future debt service requirements on the debt are as follows:

<u>Year</u> <u>Ending</u>	<u>Principal</u>				<u>Total</u>
	<u>\$200,000</u> <u>Line of</u> <u>Credit</u>	<u>\$101,500</u> <u>Loan</u>	<u>\$76,749</u> <u>Loan</u>	<u>\$150,000</u> <u>Line of</u> <u>Credit</u>	
2023	\$ 199,570	\$ 10,615	\$ 14,428	\$ 144,000	\$ 368,613
2024	-	10,810	14,691	-	25,501
2025	-	11,007	14,960	-	25,967
2026	-	11,209	15,234	-	26,443
2027	-	11,414	3,820	-	15,234
2028	-	8,693	-	-	8,693
Total	<u>\$ 199,570</u>	<u>\$ 63,748</u>	<u>\$ 63,133</u>	<u>\$ 144,000</u>	<u>\$ 470,451</u>

NOTE G: CONCENTRATION OF SUPPORT AND REVENUE

The majority of the Service's support and revenue is derived from patient services. For the year ended December 31, 2022, the breakdown of revenue by payor sources is as follow:

<u>Payor</u>	<u>Amount</u>	<u>%</u>
Medicare	314,968	55%
Medicaid	84,366	15%
Private Insurance	140,611	25%
Patients	5,624	1%
Other	21,593	4%
Total	<u>\$ 567,162</u>	<u>100%</u>

NOTE H: COMMITMENTS AND CONTINGENCIES

The Service is subject to a lawsuit related to personal injuries suffered in a wreck while transporting a patient. The case is currently pending in the Circuit Court of Sangamon County. In addition to the claim by the injured party, the employer of the injured party has filed a claim for indemnification for reimbursement of worker's compensation benefits paid by their insurance company. The Service's insurance company has currently filed a reservation of rights related to that indemnification. That matter was unable to be resolved in mediation and a request for declaratory judgement has been filed in the Circuit Court of Macoupin County by the Service' insurance carrier. Management intends to aggressively pursue settlement of these claims and believes it has meritorious defense against them. However, the outcome of these issues is subject to

STAUNTON AREA AMBULANCE SERVICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE H: COMMITMENTS AND CONTINGENCIES (Cont'd)

significant uncertainties and could have a material adverse effect on the Service's financials and operations, should the settlement not be covered under Service current insurance limits. Due to the Service's insurance carrier denying coverage for the worker's compensation indemnification, the cost to the Service to defend against the worker's compensation benefits claim is also unable to be determined.

NOTE I: NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." This Update includes a lease accounting model that recognizes two types of leases- finance leases and operating leases. The standard requires that a lessee recognize on the balance sheet assets and liabilities relating to leases with terms of more than 12 months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will depend on its classification as a finance or operating lease. This update is effective for the organization beginning in January 2022. The Service will be required to record a "right of use" asset and a lease liability payable and believes that the increase in assets and liabilities for all of its existing leases upon adoption will be material. The adoption of this new guidance did not have a material effect on the financial statements as the remaining principle of lease liability payable was \$771. The lease was an operating lease for use of office equipment.

NOTE J: SUBSEQUENT EVENTS

In preparing these financial statements, the Service has evaluated events and transactions for potential recognition and disclosure through November 15, 2023, the date the financial statements were available to be issued.

On September 20, 2023, the Service received an order confirming a bankruptcy Chapter 11 plan of reorganization by the United States Bankruptcy Court of the Central District of Illinois.