

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

**Financial Statements for the Year Ended June 30, 2017  
and Independent Auditors' Report  
Dated December 1, 2017**

**HENDERSHOT, BURKHARDT & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS  
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**Hendershot  
Burkhardt  
& Associates**

**CERTIFIED PUBLIC ACCOUNTANTS**

## **Independent Auditors' Report**

Board of Directors  
Rappahannock Emergency Medical Services Council, Inc.

We have audited the accompanying financial statements of the Rappahannock Emergency Medical Services Council, Inc. which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, 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 of 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. 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. Accordingly, we express no such opinion.

#### **Audit Services:**

Government Services  
A-133 Audits  
ERISA Audits  
Not-For-Profits  
Commercial Audits  
Financial Reviews

#### **Tax Services:**

Tax Planning  
Tax Preparation  
Estates & Trusts  
Offer-in-Compromise  
Installment Agreements

#### **Accounting Services:**

Bookkeeping  
Month-end Accounting  
Compilations

#### **Business Services:**

Business Consulting  
Business Plans

We believe 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 the Rappahannock Emergency Medical Services Council, Inc. as of June 30, 2017, 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.

*David C. Burkhardt, CPA for*

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Hendershot, Burkhardt & Associates, Certified Public Accountants, PC  
Manassas, Virginia  
December 1, 2017

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

**Statement of Financial Position**

**As of June 30, 2017**

**ASSETS**

Current Assets

|                      |               |
|----------------------|---------------|
| Cash                 | \$ 42,729     |
| Accounts Receivable  | <u>67,678</u> |
| Total Current Assets | 110,407       |

Furniture and Equipment

|                               |                  |
|-------------------------------|------------------|
| Furniture and Equipment       | 912,709          |
| Accumulated Depreciation      | <u>(758,039)</u> |
| Total Furniture and Equipment | <u>154,670</u>   |

|              |                       |
|--------------|-----------------------|
| Total Assets | <u><u>265,077</u></u> |
|--------------|-----------------------|

**LIABILITIES & NET ASSETS**

Liabilities

Current Liabilities

|                                       |               |
|---------------------------------------|---------------|
| Accounts Payable and Accrued Expenses | 7,029         |
| Payroll Liabilities                   | 34,843        |
| Current Portion of Notes Payable      | 27,221        |
| Deferred Revenue                      | <u>22,418</u> |
| Total Current Liabilities             | 91,511        |

Long Term Liabilities

|                             |               |
|-----------------------------|---------------|
| Notes Payable               | <u>18,555</u> |
| Total Long Term Liabilities | <u>18,555</u> |

|                   |         |
|-------------------|---------|
| Total Liabilities | 110,066 |
|-------------------|---------|

Net Assets

|                         |                |
|-------------------------|----------------|
| Unrestricted Net Assets | <u>155,011</u> |
| Total Net Assets        | <u>155,011</u> |

|                                |                          |
|--------------------------------|--------------------------|
| Total Liabilities & Net Assets | <u><u>\$ 265,077</u></u> |
|--------------------------------|--------------------------|

See the accompanying Independent Auditors' Report and notes to the financial statements

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

**Statement of Activities**

**For the Year Ended June 30, 2017**

|   | <u>Unrestricted<br/>Total</u> |
|---|-------------------------------|
| <b>Revenue</b>                                    |                               |
| State Contributions                               | \$ 257,057                    |
| Donated Rent                                      | 110,865                       |
| Local Government Contributions                    | 76,358                        |
| Consolidated Testing and Training Fees            | 72,020                        |
| Fundraising                                       | 15,190                        |
| Non Government Grants and Contributions           | 3,549                         |
| Miscellaneous                                     | <u>2,517</u>                  |
| Total Revenue                                     | 537,556                       |
| <b>Expenses</b>                                   |                               |
| Program   | 373,907                       |
| Administrative                                    | 161,105                       |
| Fundraising                                       | <u>62,585</u>                 |
| Total Expenses                                    | <u>597,597</u>                |
| Change in Net Assets                              | (60,041)                      |
| Unrestricted Net Assets, <i>Beginning of Year</i> | <u>215,052</u>                |
| Unrestricted Net Assets, <i>End of Year</i>       | <u><u>\$ 155,011</u></u>      |

See the accompanying Independent Auditors' Report and notes to the financial statements

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

**Statement of Functional Expenses  
For the Year Ended June 30, 2017**

|                                   | <u>Program</u>    | <u>Management<br/>&amp; General</u> | <u>Fundraising</u> | <u>Total</u>      |
|-----------------------------------|-------------------|-------------------------------------|--------------------|-------------------|
| Salary                            | \$ 143,892        | \$ 72,545                           | \$ 23,969          | \$ 240,406        |
| Rent                              | 69,367            | 29,888                              | 11,611             | 110,866           |
| Depreciation                      | 37,285            | 16,065                              | 6,241              | 59,591            |
| Employee Benefits                 | 28,188            | 12,145                              | 4,718              | 45,051            |
| Consol Testing                    | 30,599            | -                                   | -                  | 30,599            |
| Training                          | 18,552            | -                                   | -                  | 18,552            |
| Payroll Taxes                     | 11,185            | 4,819                               | 1,872              | 17,876            |
| Repairs and Maintenance           | 9,867             | 4,251                               | 1,652              | 15,770            |
| Fundraising                       | -                 | -                                   | 9,987              | 9,987             |
| Insurance                         | 3,180             | 5,476                               | 478                | 9,134             |
| Utilities                         | 5,484             | 2,363                               | 918                | 8,765             |
| Miscellaneous                     | 4,961             | 3,355                               | 370                | 8,686             |
| Travel, Conferences, and Meetings | 6,751             | -                                   | -                  | 6,751             |
| Professional Fees                 | -                 | 6,178                               | -                  | 6,178             |
| Office Expense                    | 2,392             | 1,030                               | 400                | 3,822             |
| Communications                    | 2,204             | 950                                 | 369                | 3,523             |
| Interest Expense                  | -                 | 2,040                               | -                  | 2,040             |
|                                   | <u>\$ 373,907</u> | <u>\$ 161,105</u>                   | <u>\$ 62,585</u>   | <u>\$ 597,597</u> |

See the accompanying Independent Auditors' Report and notes to the financial statements

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

**Statement of Cash Flows**

**For the Year Ended June 31, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |               |
|---|---------------|
| Change in Net Assets  | \$ (60,041)   |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities |               |
| Depreciation  | 59,591        |
| Changes in assets and liabilities   |               |
| (Increase)/Decrease in accounts receivable  | (2,742)       |
| Increase/(Decrease) in accounts payable   | (4,346)       |
| Increase/(Decrease) in payroll liabilities  | (1,364)       |
| Increase/(Decrease) in deferred revenues  | <u>10,136</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES   | 1,234         |

**CASH FLOWS FROM INVESTING ACTIVITIES**

-

**CASH FLOWS FROM FINANCING ACTIVITIES**

|                                       |                 |
|---------------------------------------|-----------------|
| Payments on note payable              | <u>(26,245)</u> |
| NET CASH USED BY FINANCING ACTIVITIES | <u>(26,245)</u> |

|                               |               |
|-------------------------------|---------------|
| Increase / (decrease) in cash | (25,011)      |
| Cash at beginning of year     | <u>67,740</u> |

CASH AT END OF YEAR \$ 42,729

See the accompanying Independent Auditors' Report and notes to the financial statements



# **RAPPAHANNOCK EMERGENCY MEDICAL SERVICES COUNCIL, INC**

## **Notes to the Financial Statements**

**For the Year Ended June 30, 2017**

### **NOTE 1: NATURE OF ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**

The Rappahannock Emergency Medical Services Council, Inc. (“the Council”), is a non-profit community organization serving Planning Districts 9 and 16, mandated by Virginia law, which provides emergency medical training to the public as well as volunteer and career first responders, coordinates regional disaster planning, arranges for the resupply of ambulances, and facilitates interactions between local governments, first responders, and local hospitals. Our not-for-profit 501(c)(3) corporation is an integral part of Virginia’s comprehensive EMS system. The Council's mission is to facilitate the development and continued operation of a high quality, dedicated, and coordinated emergency response and preparedness system for our service area.

The Council’s Board of Directors includes twenty-six representatives from our service area’s EMS agencies, jurisdictions, and citizens. Members are appointed by local city or county government, with six At-Large positions elected by these appointed members of the board. Unless filling a jurisdiction’s unexpired term, Directors serve three year terms; Board leadership is elected every two years. The Board of Directors have oversight over all of the Regional Committees, and are responsible for maintaining membership of said committees and for final approval of any regional documents to be distributed and implemented.

The Council coordinates these committees, which are responsible for the development and maintenance of regional pre-hospital patient care protocols; patient transfer plans; the region’s EMS and Trauma Performance Improvement program and plans; a Mass Casualty Incident Plan; Trauma Triage Plan; Stroke Triage Plan; maintains a regional Medication Restocking and Exchange Program; a Hospital Diversion Plan; provides administrative and financial support for Critical Incident Stress Management; assists with agency applications for Rescue Squad Assistance Fund grants; serves as an informational clearing house between National, State, and Local EMS entities; and administers the Regional Awards Program for provider and agency recognition.

This support of the regional Emergency Medical Services system is complemented by our services to individual providers. We offer opportunities for education, testing, and recognition. The Council is a leading provider of Advanced Life Support training programs and coordinates all of the region’s Emergency Medical Services test sites. The Council also provides an EMS lending library for agencies, instructors, and hospitals free of charge in order to promote ongoing education and professional development in the field. We also offer educational outreach and Council-coordinated committees assist in identify training needs in the EMS community.

The Council provides this regional planning and support service to a geographic area encompassing Planning Districts 9 and 16, with a population of over 500,000. As of June 30, 2017, there were 45 EMS-licensed agencies in this region, which comprise almost 7% of the total 655 agencies across the Commonwealth of Virginia. These local agencies are paired with emergency physicians who provide the Operational Medical Direction required by the Code of Virginia; most OMD contracts in the region are facilitated by the Council, as is agency interaction with OMDs. There are 3,070 certified EMS providers in the REMS service area

**RAPPAHANNOCK EMERGENCY MEDICAL SERVICES COUNCIL, INC**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**NOTE 1: NATURE OF ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (cont.)**

which comprise almost 9% of the providers in all of Virginia. These providers answer nearly 50,000 calls annually.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

Method of Accounting: The Council uses the accrual method of accounting.

Cash and Cash Equivalents: For purposes of reporting the statement of cash flows, the Council includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with an initial maturity of three months or less as cash on the accompanying statement of financial position.

Property and Equipment: Equipment is capitalized at cost. It is the Council's policy to capitalize for these items in excess of \$500.00. Lesser amounts are expensed. Equipment is being depreciated over estimated useful lives of five years using the modified accelerated cost recovery system. Depreciation expense for the year then ended June 30, 2017 was \$59,591.

Leasehold Improvements: The Council finished remodeling the Medicorp property in September 2007 with leasehold improvement costs of \$354,084 and a total loan of \$229,571. The Council began amortizing the leasehold improvements in fiscal year 2008.

Accounts Receivable: Accounts receivable represent short-term credit granted to customers and are stated at their face value. The Council does not generally require collateral for accounts receivable. The Council has not assessed finance charges on past due accounts. Management will charge off uncollectible accounts receivable when it is determined that the receivable will not be collected. Accounts receivable also includes an amount from a Commonwealth of Virginia contract payable from the fourth quarter of the fiscal year. The contract receivable amount is \$64,865.

Compensated Absences: The Council has a formal vacation policy allowing for paid time off based on years of service. Employees are allowed to carry forward a limited amount of unused vacation and compensation time.

Estimates: When preparing these financial statements in conformity with generally accepted accounting principles, management is required to make certain estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements, and revenues and expenses in the reporting period. Actual results could differ from those estimates.

Contributed Facilities: In October 2007, the Council was provided with a building with approximately 9,100 square feet of space at 435 Hunter Street in Fredericksburg, Virginia. The estimated fair market value of these premises is reported as donated support and expense.

**RAPPAHANNOCK EMERGENCY MEDICAL SERVICES COUNCIL, INC**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Revenue Recognition: Program Fees are recognized when earned and are considered to be unrestricted. Occasionally the Council will receive contributions such as from the United Way.

Current unrestricted net assets are those funds presently available for use by the Council at management's discretion. All contributions with time or donor-imposed restrictions are recognized as temporarily or permanently restricted revenue that increases those net asset classes. When temporary restrictions are met, the contributions are transferred to unrestricted revenue. Donor restricted contributions whose restrictions are met in the same year are reported solely as unrestricted revenue. Contributions with no restrictions are recognized immediately as unrestricted revenue.

Income taxes: The Council is classified as a Section 501 (c)(3) Council, as described in Section 501 (a) of the Internal Revenue Code, and is exempt from federal and state income taxes, except for taxes on unrelated business income, if any. Contributions to the Council are tax deductible. The Council's Forms 990, Return of Council Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 3: FIXED ASSETS:**

Details of property and equipment at June 30, 2017 are as follows:

|                               |                   |
|-------------------------------|-------------------|
| Office equipment              | \$ 55,043         |
| Training equipment            | 455,203           |
| Vehicles                      | 40,454            |
| Leasehold Improvements        | <u>362,009</u>    |
|                               | 912,709           |
| Less Accumulated Depreciation | <u>758,039</u>    |
| Total                         | <u>\$ 154,670</u> |

**NOTE 4: EMPLOYEE BENEFIT PLANS**

The Council sponsors a Simple IRA Plan covering non-salaried and management employees. Employees can contribute to the plan an amount up to the government limitations. Additional catchup contributions are allowed if over 50 years of age. Council contributions are up to 3% of compensation. Council contributions charged to personnel benefits expense for year ended June 30, 2017 were \$3,640.

**RAPPAHANNOCK EMERGENCY MEDICAL SERVICES COUNCIL, INC**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**NOTE 5: NOTE PAYABLE**

The Council refinanced an existing note in February 2015. The amount borrowed was \$110,000 at an interest rate of 3.5%. The loan matures on February 1, 2019. Principal and interest payments of \$2,932.17 is due monthly.

A schedule of principal payments due on the long-term note is as follows:

| Year Ending June 30 | Amount           |
|---------------------|------------------|
| 2018                | \$ 27,221        |
| 2019                | <u>18,555</u>    |
| Total               | <u>\$ 45,776</u> |

Interest paid during the year ended June 30, 2016 totaled \$ 2,040.

**NOTE 6: LEASE AGREEMENT**

During the year ended June 30, 2008, the Council entered into a fifteen year lease agreement with Medicorp Properties, Inc. for its location in Fredericksburg, Virginia, which will terminate in February 2022. Annual lease rental expense is \$1 per year. The Council is to provide rental insurance, all utilities, janitorial service and taxes. See Note 1 for contributed facilities.

**NOTE 7: JOINT PROJECT**

An agreement was made between the National Weather Services, National Oceanic and Atmospheric Administration (NOAA), U.S. Department of Commerce and a combined effort from the Council and Mary Washington Hospital, Inc. member of Medicorp Health Systems for establishing improved NOAA Weather Radio All Hazards (NWR) broadcasting services for the City of Fredericksburg, Virginia and the surrounding area. Pursuant to this joint agreement, the parties will establish, equip, operate and maintain a NOAA NWR tower/transmitter site in the Fredericksburg, Virginia area for five years. Rappahannock EMS purchased the equipment of \$40,000 in FY 2009 and will retain ownership of the NWR station. Mary Washington Hospital will operate and provide the maintenance of the station.

**NOTE 8: SUBSEQUENT EVENTS**

Management evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through December 1, 2017, the date on which the financial statements were available to be issued.