

NORTHERN VALLEY EMERGENCY MEDICAL SERVICES, INC.
REVIEWED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018



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GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

To the Board of Directors
Northern Valley Emergency Medical Services, Inc.
Coplay, Pennsylvania

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying financial statements of Northern Valley Emergency Medical Services, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets—modified cash basis as of December 31, 2019 and 2018, and the related statements of functional expenses—modified cash basis, revenues, expenses, and other changes in net assets—modified cash basis, cash flows—modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Harman & Associates, P.C.

August 3, 2020

NORTHERN VALLEY EMERGENCY MEDICAL SERVICES, INC
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS
MODIFIED CASH BASIS
AS OF DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash & Cash Equivalents	\$ 398,719	\$ 292,427
Certificates of Deposit Restricted for Liquidity Shortfalls	559,881	548,062
Land	22,500	22,500
Property and Equipment	1,597,234	1,566,987
Accumulated Depreciation	<u>(1,205,502)</u>	<u>(1,057,365)</u>
Total Assets	<u>\$ 1,372,832</u>	<u>\$ 1,372,611</u>
LIABILITIES		
Credit Card Liabilities	\$ 2,778	\$ 792
Current Portion of Long-Term Note Payable	30,554	60,327
Accrued Compensated Absences	9,773	3,488
Long-Term Note Payable	<u>118,848</u>	<u>164,027</u>
Total Liabilities	----- 161,953	----- 228,634
NET ASSETS		
Without Donor Restrictions	650,998	595,915
With Donor Restrictions	<u>559,881</u>	<u>548,062</u>
Total Net Assets	<u>1,210,879</u>	<u>1,143,977</u>
Total Liabilities and Net Assets	<u>\$ 1,372,832</u>	<u>\$ 1,372,611</u>

See accompanying notes and independent accountant's review report.

**NORTHERN VALLEY EMERGENCY MEDICAL SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Expense Category	2019				2018			
	Program Services		Supporting Services		Program Services		Supporting Services	
	Ambulance Services	Management & General	Fund-raising	Total	Ambulance Services	Management & General	Fund-raising	Total
Payroll Wages & Taxes	\$ 979,246	\$ -	\$ -	\$ 979,246	\$ 1,019,410	\$ -	\$ -	\$ 1,019,410
Professional Fees	-	23,401	-	23,401	-	24,616	-	24,616
Supplies	63,020	6,527	-	69,547	61,365	17,387	-	78,752
Fundraising	-	-	18,113	18,113	-	-	12,033	12,033
Maintenance and Repairs	34,315	-	-	34,315	41,042	-	-	41,042
Interest Expense	-	4,328	-	4,328	-	5,175	-	5,175
Depreciation Expense	148,137	-	-	148,137	120,941	-	-	120,941
Outsourced Billing Fees	81,645	-	-	81,645	65,237	-	-	65,237
Training	12,096	-	-	12,096	10,592	-	-	10,592
Utilities	21,366	-	-	21,366	27,285	-	-	27,285
Insurance	179,401	-	-	179,401	213,229	-	-	213,229
Other	9,284	68,730	-	78,014	3,880	76,701	-	80,581
TOTAL EXPENSES	\$ 1,528,510	\$ 102,986	\$ 18,113	\$ 1,649,609	\$ 1,562,981	\$ 123,879	\$ 12,033	\$ 1,698,893

See accompanying notes and independent accountant's review report

NORTHERN VALLEY EMERGENCY MEDICAL SERVICES, INC.
STATEMENTS OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019		2018		<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
Program Service Revenue - Net	\$ 1,084,193	\$ -	\$ 1,084,193	\$ -	\$ 1,027,299
Subscriptions	195,787	-	195,787	-	256,392
Grants	105,628	-	105,628	-	207,037
Contributions	155,846	-	155,846	-	149,790
Interest & Dividend	610	11,819	12,429	10,152	10,493
Fundraising	78,387	-	78,387	-	67,851
Other Income	84,241	-	84,241	-	51,120
Gain on Disposal of Fixed Assets	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>1,704,692</u>	<u>11,819</u>	<u>1,716,511</u>	<u>10,152</u>	<u>1,769,982</u>
EXPENSES					
<i>Program Service</i>					
Ambulance and Rescue	1,528,510	-	1,528,510	-	1,562,981
<i>Supporting Services</i>					
Management and General Fund Raising	102,986	-	102,986	-	123,879
	18,113	-	18,113	-	12,033
TOTAL EXPENSES	<u>1,649,609</u>	<u>-</u>	<u>1,649,609</u>	<u>-</u>	<u>1,698,893</u>
CHANGE IN NET ASSETS	55,083	11,819	66,902	10,152	71,089
NET ASSETS - JANUARY 1	<u>595,915</u>	<u>548,062</u>	<u>1,143,977</u>	<u>537,910</u>	<u>1,072,888</u>
Prior Period Adjustments	-	-	-	-	-
NET ASSETS - DECEMBER 31	<u>\$ 650,998</u>	<u>\$ 559,881</u>	<u>\$ 1,210,879</u>	<u>\$ 548,062</u>	<u>\$ 1,143,977</u>

See accompanying notes and independent accountant's review report

NORTHERN VALLEY EMERGENCY MEDICAL SERVICES, INC
STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
<i>Cash flows from Operating Activities</i>		
Change in Net Assets	\$ 66,902	\$ 71,089
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Increase (Decrease) in Accrued Liabilities	-	-
Increase (Decrease) in Compensated Absences	6,285	220
Increase (Decrease) in Other Liabilities	1,986	(1,131)
Increase (Decrease) in Payroll Liabilities	-	-
(Gain) Loss on Sale of Fixed Assets	-	-
Depreciation	148,137	120,941
<i>Net cash provided (used) by operating activities</i>	223,310	191,119
<i>Cash Flow from Investing Activities</i>		
(Increase) Decrease in Certificates of Deposit	(11,819)	(10,152)
Proceeds from Sale of Equipment	-	-
Purchase of Property, Plant & Equipment	(30,247)	(372,252)
<i>Net cash provided (used) by investing activities</i>	(42,066)	(382,404)
<i>Cash Flows from Financing Activities</i>		
Principal Payments on Notes payable	(74,952)	(61,014)
Proceeds from Borrowings	-	194,084
<i>Net cash provided (used) by financing activities</i>	(74,952)	133,070
Net Increase (Decrease) in Cash and Cash Equivalents	106,292	(58,215)
Cash and Cash Equivalents - January 1	292,427	350,642
Cash and Cash Equivalents - December 31	\$ 398,719	\$ 292,427
Supplemental Disclosures:		
Interest Paid	\$ 4,328	\$ 5,175

See accompanying notes and independent accountant's review report

NORTHERN VALLEY EMERGENCY MEDICAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

1. ORGANIZATION

Northern Valley Emergency Medical Services, Inc.'s (NOVA) primary operation is as a provider of emergency advanced life support and basic life support medical transportation services to the citizens of Coplay, Pennsylvania and surrounding areas. NOVA maintains a staff of both EMTs and paramedics.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

NOVA's policy is to prepare its financial statements on the modified cash basis of accounting. Under this basis of accounting, all elements of the income statement, with the exception of depreciation expense, are recorded using the cash basis and accounts receivable are not recorded on the balance sheet. The modified cash basis records long-term balance sheet items on the accrual basis. Capital assets and long-term debt are recorded on the balance sheet, and depreciation is recorded on the income statement.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Property, Equipment, and Depreciation

Property and equipment are stated at cost. Depreciation is provided principally on the modified accelerated cost recovery system method for financial reporting and federal income tax purposes. The cost of assets sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss is reflected in income, except for gains on assets traded where no cash is received. Expenditures for maintenance and repairs are charged to income as incurred; replacements and betterments that extend the useful lives are capitalized.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the

NORTHERN VALLEY EMERGENCY MEDICAL SERVICES, INC.
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FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions. The organization's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Contributions

Contributions are recognized when received and are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are received.

Expense Recognition and Allocation

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statements of revenues, expenses, and other changes in net assets and statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. NOVA only provides one program service, ambulance transportation, therefore program costs do not need to be allocated across multiple functions.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed when incurred, even though they may result in contributions received in future years. Additionally, advertising costs are expensed as incurred.

NORTHERN VALLEY EMERGENCY MEDICAL SERVICES, INC.
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Income Taxes

NOVA is exempt from federal income taxes under Internal Revenue Service code section 501(c)(3), and accordingly are not required to pay any income tax on income earned in conjunction with their not for profit mission. An informational tax return is filed each year (Form 990) to report the income and expenses of the exempt functions to ensure compliance with their intended mission. There are currently no open tax periods.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 are:

Financial Assets:	
Cash & Cash Equivalents	\$ 398,719
Certificates of Deposit	<u>\$ 559,881</u>
Total Financial Assets	\$ 958,600
Less financial assets held to meet donor-imposed restrictions:	
Donor-restricted certificates of deposit (Note 5)	<u>\$ (559,881)</u>
Amount available for general expenditures within one year	<u>\$ 398,719</u>

4. CONCENTRATION OF CREDIT RISK

NOVA has the following bank deposits which are carried at cost as of December 31, 2019 and 2018.

<u>BANK</u>	<u>TOTAL DEPOSITS</u>	
	<u>2019</u>	<u>2018</u>
NEFFS National Bank	\$ 965,788	\$ 875,960
	<u>\$ 965,788</u>	<u>\$ 875,960</u>

Custodial credit risk is the risk that in the event of a bank failure, NOVA's deposits may not be returned to it. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. NOVA's FDIC coverage for years ending 2019 and 2018 were as follows:

<u>FDIC CLASSIFICATION</u>	<u>2019</u>	<u>2018</u>
Insured	\$ 250,000	\$ 250,000
Uninsured	<u>715,788</u>	<u>625,960</u>
Total Deposits	<u>\$ 965,788</u>	<u>\$ 875,960</u>

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5. DONOR-RESTRICTED CERTIFICATES OF DEPOSIT

In 2008, NOVA received a bequest of an estate for use in the improvement and function of the organization. The Restricted Asset Advisory Group Guidelines were written to place restrictions on the money that was received. These guidelines state that earnings from the gift may be used for purchasing of equipment or up-keep, however the principal cannot be used unless needed to fund an unbudgeted liquidity shortfall. The principal was deposited into certificates of deposit. The balance of the restricted assets at the end of 2019 is \$559,881. The restriction of the assets is reviewed at the end of each year to determine whether any donor-imposed restrictions should be removed. No restrictions were released in 2019.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>Life</u>	<u>2019</u>	<u>2018</u>
Land	N/A	\$ 22,500	\$ 22,500
Buildings & Improvements	10-39 Yrs.	494,586	494,586
Machinery & Equipment	5-10 Yrs.	1,097,983	1,067,736
Furniture & Fixtures	5-7 Yrs.	<u>4,665</u>	<u>4,665</u>
		1,619,734	1,589,487
Accumulated Depreciation		<u>(1,205,502)</u>	<u>(1,057,365)</u>
Totals		<u>\$ 414,232</u>	<u>\$ 532,122</u>
Depreciation Expense		\$ 148,137	\$ 120,941

7. RETIREMENT PLAN

NOVA sponsors a SIMPLE Plan for their employees who wish to participate. The plan has a 100% match by the employer up to 3% of a participant's wages. The employer match was \$9,284 and \$3,880 for 2019 and 2018, respectively.

8. LONG-TERM DEBT

Long-Term Note Payable

NOVA has a term loan to provide for working capital. The note is payable to a bank in monthly installments of \$3,127.50 at 3.891% with the final payment due in February of 2020. The loan was secured by a certificate of deposit held with The Neffs National Bank. The balance of the note payable at December 31, 2019 is \$5,854 with the current portion of the note due being \$5,854. The table on the next page shows the amortization of the note payable as of December 31, 2019.

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<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 5,854	\$ 28	\$ 5,882
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
	<u>\$ 5,854</u>	<u>\$ 28</u>	<u>\$ 5,882</u>

Total interest expense for the note was \$1,083 and \$2,739 in 2019 and 2018, respectively.

PA Emergency Management Agency (PEMA) Loans

NOVA has three loans through PEMA that were used to finance the purchase of three different ambulances. These loans are payable to PEMA on either a monthly or semi-monthly basis with interest rates of 2.00%. Two of the loans have their final payments scheduled for June of 2024 while the third loan is scheduled to be paid off in January of 2030. The balance of the PEMA loans at December 31, 2019 are \$143,547 with the current portion due being \$24,700. The table below shows the total amortization for the loans as of December 31, 2019.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 24,700	\$ 2,669	\$ 27,369
2021	25,198	2,171	27,369
2022	25,707	1,662	27,369
2023	26,226	1,143	27,369
2024	15,727	660	16,387
2025-29	25,543	1,484	27,028
2030	446	4,393	4,840
	<u>\$ 143,547</u>	<u>\$ 14,183</u>	<u>\$ 157,731</u>

Total interest expense for the loans was \$3,219 and \$2,228 in 2019 and 2018, respectively.

9. COMPENSATED ABSENCES

NOVA gives their employees paid time off (PTO) which is earned for hours worked. The amount is used instead of vacation and illness. PTO is accrued as a liability as the benefits are earned and the employees' rights to receive compensation are attributable to services already rendered, and it is probable NOVA will compensate the employees for the benefits through paid time off. The entire compensated absence liability is reported on the Statement of Financial Position.

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10. SUBSEQUENT EVENTS

No events have taken place between year-end and the release of the financial statements on August 3, 2020 that would require adjustment or disclosure.