

NORTHERN VALLEY EMERGENCY MEDICAL SERVICES, INC.  
REVIEWED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019



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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, 2020 and 2019, 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.

*Horne & Associates, P.C.*

August 2, 2021

**NORTHERN VALLEY EMERGENCY MEDICAL SERVICES, INC**  
**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS**  
**MODIFIED CASH BASIS**  
**AS OF DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash & Cash Equivalents	\$ 516,222	\$ 398,719
Certificates of Deposit Restricted for Liquidity Shortfalls	572,084	559,881
Land	22,500	22,500
Property and Equipment	1,716,465	1,597,234
Accumulated Depreciation	<u>(1,316,656)</u>	<u>(1,205,502)</u>
<b>Total Assets</b>	<b><u>\$ 1,510,615</u></b>	<b><u>\$ 1,372,832</u></b>
 <b>LIABILITIES</b>		
Credit Card Liabilities	\$ 3,541	\$ 2,778
Current Portion of Long-Term Note Payable	25,967	30,554
Accrued Compensated Absences	1,828	9,773
Long-Term Note Payable	<u>86,198</u>	<u>118,848</u>
<b>Total Liabilities</b>	<b><u>117,534</u></b>	<b><u>161,953</u></b>
 <b>NET ASSETS</b>		
Without Donor Restrictions	820,997	650,998
With Donor Restrictions	<u>572,084</u>	<u>559,881</u>
<b>Total Net Assets</b>	<b><u>1,393,081</u></b>	<b><u>1,210,879</u></b>
 <b>Total Liabilities and Net Assets</b>	 <b><u>\$ 1,510,615</u></b>	 <b><u>\$ 1,372,832</u></b>

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, 2020 AND 2019**

Expense Category	2020				2019			
	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	\$ 943,723	\$ -	\$ -	\$ 943,723	\$ 979,246	\$ -	\$ -	\$ 979,246
Professional Fees	-	23,141	-	23,141	-	23,401	-	23,401
Supplies	41,411	14,477	-	55,888	63,020	6,527	-	69,547
Fundraising	-	-	9,933	9,933	-	-	18,113	18,113
Maintenance and Repairs	57,417	-	-	57,417	34,315	-	-	34,315
Interest Expense	-	3,232	-	3,232	-	4,328	-	4,328
Depreciation Expense	111,154	-	-	111,154	148,137	-	-	148,137
Outsourced Billing Fees	61,443	-	-	61,443	81,645	-	-	81,645
Training	11,787	-	-	11,787	12,096	-	-	12,096
Utilities	30,721	-	-	30,721	21,366	-	-	21,366
Insurance	191,483	-	-	191,483	179,401	-	-	179,401
Other	7,840	47,883	-	55,723	9,284	68,730	-	78,014
<b>TOTAL EXPENSES</b>	<b>\$ 1,456,979</b>	<b>\$ 88,733</b>	<b>\$ 9,933</b>	<b>\$ 1,555,645</b>	<b>\$ 1,528,510</b>	<b>\$ 102,986</b>	<b>\$ 18,113</b>	<b>\$ 1,649,609</b>

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, 2020 AND 2019**

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
		<b>Total</b>		<b>Total</b>
Program Service Revenue - Net	\$ 955,352	\$ -	\$ 1,084,193	\$ -
Subscriptions	245,063	245,063	195,787	195,787
Grants	239,261	239,261	105,628	105,628
Contributions	192,161	192,161	155,846	155,846
Interest & Dividend	559	12,203	610	11,819
Fundraising	47,936	47,936	78,387	78,387
Other Income	45,312	45,312	84,241	84,241
Gain on Disposal of Fixed Assets	-	-	-	-
Net assets released from restrictions	-	-	-	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>1,725,644</b>	<b>1,737,847</b>	<b>1,704,692</b>	<b>11,819</b>
<b>EXPENSES</b>				
<i>Program Service</i>				
Ambulance and Rescue	1,456,979	1,456,979	1,528,510	-
<i>Supporting Services</i>				
Management and General	88,733	88,733	102,986	-
Fund Raising	9,933	9,933	18,113	-
<b>TOTAL EXPENSES</b>	<b>1,555,645</b>	<b>1,555,645</b>	<b>1,649,609</b>	<b>-</b>
CHANGE IN NET ASSETS	169,999	182,202	55,083	11,819
<b>NET ASSETS - JANUARY 1</b>	<b>650,998</b>	<b>1,210,879</b>	<b>595,915</b>	<b>548,062</b>
Prior Period Adjustments	-	-	-	-
<b>NET ASSETS - DECEMBER 31</b>	<b>\$ 820,997</b>	<b>\$ 572,084</b>	<b>\$ 650,998</b>	<b>\$ 559,881</b>
		<b>\$ 1,393,081</b>		<b>\$ 1,210,879</b>

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, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b><i>Cash Flows from Operating Activities</i></b>		
Change in Net Assets	\$ 182,202	\$ 66,902
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Increase (Decrease) in Accrued Liabilities	-	-
Increase (Decrease) in Compensated Absences	(7,945)	6,285
Increase (Decrease) in Other Liabilities	763	1,986
Increase (Decrease) in Payroll Liabilities	-	-
(Gain) Loss on Sale of Fixed Assets	-	-
Depreciation	111,154	148,137
<b><i>Net cash provided (used) by operating activities</i></b>	<b>286,174</b>	<b>223,310</b>
<b><i>Cash Flow from Investing Activities</i></b>		
(Increase) Decrease in Certificates of Deposit	(12,203)	(11,819)
Proceeds from Sale of Equipment	-	-
Purchase of Property, Plant & Equipment	(119,231)	(30,247)
<b><i>Net cash provided (used) by investing activities</i></b>	<b>(131,434)</b>	<b>(42,066)</b>
<b><i>Cash Flows from Financing Activities</i></b>		
Principal Payments on Notes payable	(37,237)	(74,952)
Proceeds from Borrowings	-	-
<b><i>Net cash provided (used) by financing activities</i></b>	<b>(37,237)</b>	<b>(74,952)</b>
Net Increase (Decrease) in Cash and Cash Equivalents	117,503	106,292
Cash and Cash Equivalents - January 1	398,719	292,427
<b>Cash and Cash Equivalents - December 31</b>	<b>\$ 516,222</b>	<b>\$ 398,719</b>
<b>Supplemental Disclosures:</b>		
Interest Paid	\$ 3,232	\$ 4,328

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, 2020 AND 2019**

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**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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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 December 31, 2020 are:

Financial Assets:	
Cash & Cash Equivalents	\$ 516,222
Certificates of Deposit	\$ 572,084
Total Financial Assets	\$ 1,088,306
Less financial assets held to meet donor-imposed restrictions:	
Donor-restricted certificates of deposit (Note 5)	\$ (572,084)
Amount available for general expenditures within one year	\$ 516,222

**4. CONCENTRATION OF CREDIT RISK**

NOVA has the following bank deposits which are carried at cost as of December 31, 2020 and 2019.

	<b>TOTAL DEPOSITS</b>	
<b><u>BANK</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
NEFFS National Bank	\$ 1,040,362	\$ 965,788
	<b>\$ 1,040,362</b>	<b>\$ 965,788</b>

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 2020 and 2019 were as follows:

<b><u>FDIC CLASSIFICATION</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Insured	\$ 250,000	\$ 250,000
Uninsured	790,362	715,788
<b>Total Deposits</b>	<b>\$ 1,040,362</b>	<b>\$ 965,788</b>

**NORTHERN VALLEY EMERGENCY MEDICAL SERVICES, INC.**  
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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 2020 is \$572,084. 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 2020.

**6. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>Life</u>	<u>2020</u>	<u>2019</u>
Land	N/A	\$ 22,500	\$ 22,500
Buildings & Improvements	10-39 Yrs.	564,549	494,586
Machinery & Equipment	5-10 Yrs.	1,147,251	1,097,983
Furniture & Fixtures	5-7 Yrs.	<u>4,665</u>	<u>4,665</u>
		1,738,965	1,619,734
Accumulated Depreciation		<u>(1,316,656)</u>	<u>(1,205,502)</u>
Totals		<u>\$ 422,309</u>	<u>\$ 414,232</u>
Depreciation Expense		\$ 111,154	\$ 148,137

**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 \$7,840 and \$9,284 for 2020 and 2019, respectively.

**8. LONG-TERM DEBT**

*Long-Term Note Payable*

NOVA had a term loan to provide for working capital that was paid off in 2020.

Total interest expense for the note was \$45 and \$1,083 in 2020 and 2019, respectively.

**NORTHERN VALLEY EMERGENCY MEDICAL SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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*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 June of 2028. The balance of the PEMA loans at December 31, 2020 are \$112,165 with the current portion due being \$25,967. The table below shows the total amortization for the loans as of December 31, 2020.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 25,967	\$ 2,001	\$ 27,968
2022	25,881	1,488	27,369
2023	26,404	965	27,369
2024	15,909	478	16,387
2025	5,092	314	5,406
2026-28	12,912	330	13,241
	\$ 112,165	\$ 5,576	\$ 117,741

Total interest expense for the loans was \$3,187 and \$3,219 in 2020 and 2019, 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.

**10. PPP LOAN**

On May 29, 2020, NOVA received a loan in the amount of \$185,700 under the Payroll Protection Program (PPP Loan). The Organization has chosen to treat this loan as a conditional contribution in accordance with FASB ASC 958-605 which allows for the contribution to be recognized as revenue once the conditions of release have been substantially met or explicitly waived.

Under the requirements of the CARES Act, as amended by the PPP Flexibility Act and Consolidated Appropriations Act, 2021, proceeds may only be used for the Organization's eligible payroll costs (with salary capped at \$100,000 on an annualized basis for each employee), or other eligible costs related to rent, mortgage interest utilities, covered operations expenditures, covered property damage, covered supplier costs, and covered worker protection expenditures, in each case paid during the 24-week period following disbursement. The PPP Loan may be fully forgiven if (i) proceeds are used to pay eligible payroll costs or other eligible costs and (ii) full-time employee headcount and salaries are either maintained during the 24-week period following disbursement or restored by December 31, 2020. If not maintained or restored, any forgiveness of the PPP Loan would be reduced in accordance with the regulations that were issued by the SBA. All the proceeds

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of the PPP Loan were used by the Organization to pay eligible payroll costs and the Organization maintained its headcount and otherwise complied with the terms of the PPP Loan.

Since NOVA substantially met all the requirements for forgiveness the PPP funds were recognized as revenue in 2020 for financial reporting purposes in accordance with FASB ASC 958-605. NOVA has subsequently applied for and received forgiveness on the PPP loans in 2021.

**11. SUBSEQUENT EVENTS**

No events have taken place between year-end and the release of the financial statements on August 2, 2021 that would require adjustment or disclosure.