Peninsulas Emergency Medical Services Council, Inc.

Financial Statements

June 30, 2024 and 2023

WellsColeman

5004 Monument Avenue • Richmond, VA 23230

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Peninsulas Emergency Medical
Services Council, Inc.
Gloucester, Virginia

Opinion

We have audited the accompanying financial statements of Peninsulas Emergency Medical Services Council, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 Peninsulas Emergency Medical Services Council, Inc. as of June 30, 2024 and 2023, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Audits of the Financial Statements section of our report. We are required to be independent of Peninsulas Emergency Medical Services Council, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

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 Peninsulas Emergency Medical Services Council, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

- Continued -

Auditor's Responsibilities for the Audits 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 Peninsulas Emergency Medical Services Council, 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 Peninsulas Emergency Medical Services Council, 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Wells Coleman

November 20, 2024

PENINSULAS EMERGENCY MEDICAL SERVICES COUNCIL, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

ASSETS

	2024	2023
Current Assets		
Cash and cash equivalents		
Without donor restrictions	**$ 227,388**	$ 199,974
With donor restrictions	**35,917**	44,457
Total cash and cash equivalents	**263,305**	244,431
Accounts receivable	**115,277**	133,905
Prepaid expenses	**5,841**	5,886
Total current assets	**384,423**	384,222
Property and Equipment		
Computer equipment	**78,049**	78,049
Drug boxes	**98,136**	98,136
Furniture and equipment	**57,525**	57,525
Leasehold improvements	**56,829**	56,829
Radios	**411**	411
Vehicles	**110,993**	110,993
Less: accumulated depreciation	**(364,122)**	(343,394)
Net property and equipment	**37,821**	58,549
Other Assets		
Right of use asset	**75,430**	105,027
Security deposits	**2,319**	2,319
Total other assets	**77,749**	107,346
Total Assets	**$ 499,993**	$ 550,117

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

	2024	2023
Current Liabilities		
Accounts payable	**$ 6,647**	$ 7,967
Accrued payroll	**26,426**	24,804
Accrued vacation	**30,933**	26,221
Current portion of lease liability	**33,734**	29,596
Total current liabilities	**97,740**	88,588
Other Liabilities		
Lease liability	**41,696**	75,431
Total liabilities	**139,436**	164,019
Net Assets		
Without donor restrictions	**324,640**	341,641
With donor restrictions	**35,917**	44,457
Total net assets	**360,557**	386,098
Total Liabilities and Net Assets	**$ 499,993**	$ 550,117

PENINSULAS EMERGENCY MEDICAL SERVICES COUNCIL, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Public Support			
Local support	$ 102,757	$ -	**$ 102,757**
Grants	32,750	-	**32,750**
Contributions of nonfinancial assets	-	-	**-**
Net assets released from restrictions	8,540	(8,540)	**-**
Total public support	**144,047**	**(8,540)**	**135,507**
Revenue			
State funds	479,034	**-**	**479,034**
Training materials	8,877	**-**	**8,877**
Other	16,777	**-**	**16,777**
Total revenue	**504,688**	**-**	**504,688**
Total public support and revenue	**648,735**	**(8,540)**	**640,195**
Expenses			
Program	559,822	-	**559,822**
General and administrative	105,914	-	**105,914**
Total expenses	**665,736**	**-**	**665,736**
Change in Net Assets	**(17,001)**	**(8,540)**	**(25,541)**
Net Assets, beginning of year	**341,641**	**44,457**	**386,098**
Net Assets, end of year	**$ 324,640**	**$ 35,917**	**$ 360,557**

See accompanying notes to financial statements.

PENINSULAS EMERGENCY MEDICAL SERVICES COUNCIL, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Public Support			
Local support	$ 102,045	$ -	$ 102,045
Grants	31,975	525	32,500
Contributions of nonfinancial assets	5,476	-	5,476
Net assets released from restrictions	11,104	(11,104)	-
Total public support	150,600	(10,579)	140,021
Revenue			
State funds	471,428	-	471,428
Training materials	6,396	-	6,396
Other	14,831	-	14,831
Total revenue	492,655	-	492,655
Total public support and revenue	643,255	(10,579)	632,676
Expenses			
Program	586,276	-	586,276
General and administrative	106,823	-	106,823
Total expenses	693,099	-	693,099
Change in Net Assets	(49,844)	(10,579)	(60,423)
Net Assets, beginning of year	391,485	55,036	446,521
Net Assets, end of year	$ 341,641	$ 44,457	$ 386,098

See accompanying notes to financial statements.

PENINSULAS EMERGENCY MEDICAL SERVICES COUNCIL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2024

	Program	General and Administrative	Total
Staffing and payroll	$ 413,000	$ 45,889	$ 458,889
Communications	13,278	1,475	14,753
Depreciation	18,656	2,073	20,729
Educational supplies	13,382	-	13,382
Facilities	42,336	4,704	47,040
Financial fees	16,406	24,608	41,014
Grant support costs	7,525	-	7,525
Insurance	1,718	1,718	3,436
Interest expense	-	1,381	1,381
Meetings	-	18,082	18,082
Miscellaneous	3,987	443	4,430
Office supplies	11,167	2,792	13,959
Office expense	13,262	1,473	14,735
Travel	5,105	1,276	6,381
	$ 559,822	$ 105,914	$ 665,736

See accompanying notes to financial statements.

PENINSULAS EMERGENCY MEDICAL SERVICES COUNCIL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023

	Program	General and Administrative	Total
Staffing and payroll	$ 432,865	$ 48,096	$ 480,961
Communications	14,539	1,615	16,154
Depreciation	23,332	2,592	25,924
Educational supplies	10,464	-	10,464
Facilities	42,896	4,766	47,662
Financial fees	13,944	20,917	34,861
Grant support costs	9,511	-	9,511
Insurance	2,771	2,771	5,542
Meetings	-	19,270	19,270
Miscellaneous	4,066	452	4,518
Office supplies	11,095	2,774	13,869
Office expense	11,719	1,302	13,021
Travel	9,074	2,268	11,342
	$ 586,276	$ 106,823	$ 693,099

See accompanying notes to financial statements.

PENINSULAS EMERGENCY MEDICAL SERVICES COUNCIL, INC.

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	**$ (25,541)**	$ (60,423)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities		
Depreciation	**20,729**	25,924
Donated equipment	**-**	(5,476)
(Increase) decrease in operating assets		
Accounts receivable	**17,837**	(22,045)
Prepaid expenses	**45**	3,402
Operating lease right of use asset	**29,597**	27,274
(Decrease) increase in operating liabilities		
Accounts payable	**(305)**	(2,229)
Accrued expenses	**(224)**	1,414
Accrued payroll and vacation	**6,333**	12,050
Operating lease liability	**(29,597)**	(27,274)
Net cash and cash equivalents provided (used) by operating activities	**18,874**	(47,383)
Cash Flows from Investing Activities		
Purchase of property and equipment	**-**	(12,460)
Net cash and cash equivalents used by investing activities	**-**	(12,460)

- Continued -

See accompanying notes to financial statements.

PENINSULAS EMERGENCY MEDICAL SERVICES COUNCIL, INC.

STATEMENTS OF CASH FLOWS - CONTINUED

For the years ended June 30, 2024 and 2023

	2024	2023
Net increase (decrease) in cash and cash equivalents	**18,874**	(59,843)
Cash and Cash Equivalents and Restricted Cash, beginning of year	**244,431**	304,274
Cash and Cash Equivalents and Restricted Cash, end of year	**$ 263,305**	$ 244,431
Cash and Cash Equivalents and Restricted Cash:		
Cash and cash equivalents	**$ 227,388**	$ 199,974
Restricted cash	**35,917**	44,457
Total cash and cash equivalents and restricted cash	**$ 263,305**	$ 244,431
Supplemental Disclosures for Cash Flow Information		
Cash paid during the year for interest	**$ 1,381**	$ -

Noncash Investing Activity

During the year ended June 30, 2023, the Council capitalized donated equipment with a fair market value at time of donation of $5,476.

During the year ended June 30, 2023, the Council recognized an operating right of use asset and lease liability of $132,301.

PENINSULAS EMERGENCY MEDICAL SERVICES COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

1. Nature of Organization

Peninsulas Emergency Medical Services Council, Inc. (the Council) is a not-for-profit corporation which coordinates emergency services, equipment, and training for sixteen localities on the Virginia peninsulas. Primary funding is provided by the Department of Health, Office of Emergency Medical Services (OEMS), of the Commonwealth of Virginia. In the normal course of business, the Council provides credit under standard terms without collateral.

2. Summary of Significant Accounting Policies

Basis of Accounting: The financial statements of the Council have been prepared on the accrual basis of accounting. Under this accounting method, income is recorded as earned and expenses are recorded as incurred.

Cash and Cash Equivalents: The Council considers all highly liquid investments, including time deposits intended to be held until maturity, to be cash equivalents.

Accounts Receivable: The Council periodically evaluates credit losses for collectability. As of June 30, 2024 and 2023, management considers all accounts to be fully collectible. Accordingly, no allowance for credit losses has been recorded.

Property and Equipment: Acquisitions of property and equipment in excess of $1,000 are capitalized. Purchases are stated at cost. Property and equipment are depreciated over estimated useful lives of three to seven years using the straight-line method. Leasehold improvements are stated at cost and are amortized over the shorter of the useful life of the improvement or the remaining lease term.

Accrued Vacation: Full-time employees are entitled to twenty days of vacation per year for the first year of work after successful completion of the initial 90-day probationary period. Thereafter, employees are entitled to more days based on their years of service. A maximum amount of days ranging from 5-30 days can be carried over to the following year based on the years of service.

Leases: The Council calculates its operating lease right of use asset and operating lease liability using the risk-free rate and terms under the lease agreements. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized. The Council amortizes the operating lease right of use asset over the lease term.

Net Assets: Net assets, revenues, gains, and losses 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 restrictions - Net assets available for use in general operation and not subject to donor-imposed restrictions.

2. Summary of Significant Accounting Policies - Continued

- Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that can be filled by the actions of the Council pursuant to those restrictions or that expire by the passage of time. Some donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity, the Council currently has no restrictions that are perpetual in nature. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Contributions: Contributions received are recorded as net assets with or without donor restrictions, depending on the existence and nature of any donor restrictions. Contributions are recognized when cash, securities, or other assets are pledged.

Revenue and Revenue Recognition: Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Nature of Goods and Services: The following is a description of principle activities, separated by reportable segments, from which the Council generates its revenue. Reportable segments are shown separately on the statements of activities and changes in net assets.

- State funds - The Council is contracted to provide technical assistance and services to the Department of Health, OEMS. The department will reimburse the Council for actual expenditures as a result of services provided under the terms of the agreement. The contract is to be recognized over five years. Modifications can be made to the contract due to additional expenses incurred. Revenue is recognized when the services are provided and reimbursements are applied for.

- Local sponsorships - The localities served by the Council pay an annual fee based on the size or population of the organization. Sponsorship is on an annual rolling basis and negotiated by each party. Localities are granted access to a variety of services provided by the Council during the period of sponsorship. Revenue is recognized during the sponsorship term.

Donated Facilities, Personal Property, and Services: The value of donated materials and services includes items that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills and were provided by individuals possessing those skills. These items would typically have been purchased, if not donated; therefore, their value is recognized in the financial statements.

Advertising Costs: The Council expenses advertising costs as they are incurred.

Functional Allocation of Expenses: The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated, on a reasonable and consistent basis, among the programs and supporting services benefited. The expenses have been allocated based on an estimate of personnel time and effort.

2. Summary of Significant Accounting Policies - Continued

Adoption of New Accounting Standard: On June 1, 2023, the Council adopted Accounting Standards Update 2016-13 *“Financial Instruments - Credit Losses”* (Topic 326): *“Measurement of Credit Losses on Financial Instruments”* (Accounting Standards Codification 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. Adoption of this new standard had no impact on the financial statements.

Income Taxes: The Council is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Furthermore, it is classified as a publicly supported charitable organization under Section 509(a)(1) of the Internal Revenue Code and qualifies for the maximum charitable contribution deduction for its donors. As a result, the accompanying financial statements include no provision for income taxes. A Return of Organization Exempt from Income Tax (Form 990) is required to be filed annually with the Internal Revenue Service. The federal tax returns are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Evaluation of Subsequent Events: Management has evaluated subsequent events through November 20, 2024, which is the date the financial statements were available to be issued.

3. Liquidity and Availability

The Council has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As more fully described in Note 10, the Council also has committed a line of credit in the amount of $100,000, which it could draw upon in the event of an unanticipated liquidity need.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	$ 263,305
Accounts receivable	115,277
Less: cash unavailable for general expenditures within on year, due to:	
Donor-imposed restrictions	(35,917)
	$ 342,665

4. Concentration of Credit Risk

Financial instruments that potentially subject the Council to a concentration of credit risk consist principally of cash (from time to time, in excess of FDIC insurance limits).

5. Operating Leases

The Council has an operating lease agreement for office space expiring August 31, 2026. The lease requires the Council to pay electricity and other common area maintenance on the space, not to exceed $8,725 per year. The lease contains a conditional rent abatement provided that there is no default by the Council. For the year ended June 30, 2024, the abatement was applied in the amount of $896.

The components of operating lease expenses that are included in the statements of activities and changes in net assets for the year ended June 30, 2024, are as follows:

	2024	2023
Operating lease expense	$ 38,315	$ 38,626

The following summarizes the cash flow information related to operating leases for the year ended June 30, 2024:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases:	$ 29,597	$ 27,274
Right of use leased assets obtained in exchange for lease liabilities:		
Operating leases	$ 75,431	$ 105,027

The weighted-average lease term and discount rate as of June 30, 2024 and June 30, 3023 for operating leases were as follows:

	2024	2023
Weighted-average remaining lease term (years)	2.2	3.2
Weighted-average discount rate	9.50%	9.50%

5. Operating Leases - Continued

The maturities of operating lease liabilities as of June 30, 2024 were as follows:

2025	$ 39,464
2026	40,648
2027	3,404
Total lease payments	**83,516**
Less: Interest	(8,086)
Total operating lease liabilities	**75,430**
Less: current portion of operating lease liabilities	(33,734)
Long-term operating lease liabilities	**$ 41,696**

6. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2024:

	Balance 7/1/2023	Receipts less Fees and Transfers	Released from Restriction	**Balance 6/30/2024**
Subject to expenditure for specific purpose:				
HeartSafe	$ 8,158	$ -	$ 4,905	**$ 3,253**
MIH-CP	5,864	-	2,044	**3,820**
Behavioral health	30,435	-	1,591	**28,844**
Total donor restricted	**$ 44,457**	**$ -**	**$ 8,540**	**$ 35,917**

For the years ended June 30, 2024 and 2023, respectively, $8,540 and $11,104 were released from restriction by meeting the purpose of the restriction.

7. Concentration of Revenue

The Council received a significant portion of its revenue and support from OEMS under various contracts and grants. Total revenues from OEMS accounted for approximately 75% of total revenue for the years ended June 30, 2024 and 2023. In addition, the Council receives a significant portion of its revenue and support from local government jurisdictions. Approximately 16% of revenue came from local government jurisdictions during the years ended June 30, 2024 and 2023. Of the revenue received, $114,488 and $133,905 is related to accounts receivable as of June 30, 2024 and 2023, respectively.

8. Commitments and Contingencies

Expenditures of grant funds received by the Council are subject to review by the granting agencies. Such subsequent reviews could result in the Council having to refund grants previously received or having such adjustments withheld for future grants. Management believes all grant funds have been expended in accordance with the requirements of the grants and any such future adjustments would be immaterial. Therefore, no provision for refundable grants has been made as of June 30, 2024 or 2023.

9. Retirement Plan

The Council maintains a 403(b) salary-deferral and profit-sharing plan which covers all employees who meet minimum age and service requirements. Participants can contribute a percentage of their compensation to the Plan and are eligible to receive a discretionary employer contribution. Participants are fully vested in employer discretionary contributions upon one year of service. During the years ended June 30, 2024 and 2023, the Council contributed $5,082 and $6,068 respectively, to the Plan.

10. Line of Credit

The Council obtained a line of credit in August 2020, maturing September 2025 in the amount of $60,000. On September 7, 2023 the line of credit was amended and increased to $100,000. The line is secured by business assets and inventory and carries a rate of prime plus 1% with a floor of 4.25%. The interest rate was 9.5% as of June 30, 2024. There was no balance on the line of credit at June 30, 2024 or 2023.

11. Subsequent Events

Subsequent to the date of the financial statements, the Council received two restricted grants totaling $105,000. The grants are to be used for medical box restocking that the Council will be implementing during 2025.