



**AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

JUNE 30, 2015



**WESTERN VIRGINIA EMERGENCY MEDICAL
SERVICES COUNCIL, INC.**

**AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Western Virginia Emergency Medical Services Council, Inc.
Roanoke, Virginia

We have audited the accompanying financial statements of Western Virginia Emergency Medical Services Council, Inc. (the "Council") which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years 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 Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatements.

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 the internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we express no such opinion. 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.

We believe that 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 Western Virginia Emergency Medical Services Council, Inc. and Subsidiary as of June 30, 2015, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 14, 2015

Your Success is Our Focus

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2015 and June 30, 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 163,945	\$ 149,888
Restricted cash	10,951	54,994
Accounts receivable	295,172	241,205
Prepaid expenses	10,784	7,825
Investments (Note 2)	133,306	133,299
Custodial funds	21,786	22,295
	<hr/>	<hr/>
Total current assets	635,944	609,506
	<hr/>	<hr/>
Property and equipment, net (Note 3)	580,804	556,698
	<hr/>	<hr/>
Total assets	<u>\$ 1,216,748</u>	<u>\$ 1,166,204</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 31,292	\$ 24,150
Accrued expenses	30,747	34,661
Deferred revenue	4,589	7,252
Custodial funds liability	21,786	22,295
	<hr/>	<hr/>
Total liabilities	88,414	88,358
	<hr/>	<hr/>
NET ASSETS		
Unrestricted	1,052,411	1,077,846
Temporarily restricted (Note 5)	75,923	-
	<hr/>	<hr/>
Total net assets	1,128,334	1,077,846
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 1,216,748</u>	<u>\$ 1,166,204</u>

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

STATEMENTS OF ACTIVITIES
Year Ended June 30, 2015

	2015		
	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support:			
State government	\$ 500,650	\$ -	\$ 500,650
Federal grant revenue	-	746,686	746,686
Local government (Note 6)	132,525	-	132,525
Other support and income	208,580	-	208,580
United Way organizations	2,103	-	2,103
Unrealized and realized losses	(9,169)	-	(9,169)
Investment income	9,688	-	9,688
Net assets released from restrictions and reclassifications	670,763	(670,763)	-
Total revenues	1,515,140	75,923	1,591,063
Expenses (Note 7)			
Program services	1,253,379	-	1,253,379
Management and general	287,196	-	287,196
Total expenses	1,540,575	-	1,540,575
Change in net assets	(25,435)	75,923	50,488
NET ASSETS			
Beginning	1,077,846	-	1,077,846
Ending	\$ 1,052,411	\$ 75,923	\$ 1,128,334

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

STATEMENTS OF ACTIVITIES
Year Ended June 30, 2014

	2014		
	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support:			
State government	\$ 492,650	\$ -	\$ 492,650
Federal grant revenue	-	587,818	587,818
Local government (Note 6)	133,337	-	133,337
Other support and income	198,169	-	198,169
United Way organizations	3,007	-	3,007
Unrealized and realized gains	12,224	-	12,224
Investment income	8,088	-	8,088
Net assets released from restrictions and reclassifications	587,818	(587,818)	-
Total revenues	1,435,293	-	1,435,293
Expenses (Note 7)			
Program services	1,175,921	-	1,175,921
Management and general	260,387	-	260,387
Total expenses	1,436,308	-	1,436,308
Change in net assets	(1,015)	-	(1,015)
NET ASSETS			
Beginning	1,078,861	-	1,078,861
Ending	\$ 1,077,846	\$ -	\$ 1,077,846

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 50,488	\$ (1,015)
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation expense	29,026	34,600
Unrealized and realized losses (gains) on investments	9,169	(12,224)
Change in certain operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(53,967)	61,597
Prepaid expense	(2,959)	3,656
Increase (decrease) in:		
Accounts payable	7,142	(5,842)
Accrued expenses	(3,914)	2,746
Deferred revenue	(2,663)	3,050
Net cash provided by operating activities	32,322	86,568
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(53,132)	(15,830)
Change in investments, net of proceeds from sales	(9,176)	(13,681)
Net cash used in investing activities	(62,308)	(29,511)
Increase (decrease) in cash and cash equivalents and restricted cash	(29,986)	57,057
TOTAL CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning	204,882	147,825
Ending	\$ 174,896	\$ 204,882

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Nature of Operations and Significant Accounting Policies

Nature of operations:

Western Virginia Emergency Medical Services Council, Inc. (the "Council") was organized in September 1975 as a not-for-profit, non-stock corporation under the applicable laws of the Commonwealth of Virginia. The purpose of the Council is to plan and implement a system for the arrangement of personnel, facilities, equipment, and supplies for the provision and delivery of health care services under emergency conditions. The Council serves the counties of Alleghany, Botetourt, Craig, Floyd, Franklin, Giles, Henry, Montgomery, Patrick, Pittsylvania, Pulaski, and Roanoke and the cities of Covington, Danville, Martinsville, Radford, Roanoke, and Salem.

Basis of financial statement presentation and accounting:

The financial statements of the Council have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying financial statements present information regarding the Council's financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The three classes are differentiated based on the existence or absence of donor-imposed restrictions, as described below:

Unrestricted net assets are free of donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Revenues that are not temporarily or permanently restricted by donors are included in this classification. Expenses are reported as decreases in this classification.

Temporarily restricted net assets are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of the Council pursuant to those stipulations.

Permanently restricted net assets are amounts required by donors to be held in perpetuity; however, generally, the income on these assets is available to meet various restricted and other operating needs. There are currently no permanently restricted net assets.

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Cash and cash equivalents:

The Council considers cash, money market accounts, and highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents. Cash equivalents are stated at cost, which approximates fair value. Cash held for long-term investment is classified as investments.

Restricted cash:

Restricted cash includes funds received by the Near Southwest Preparedness Alliance for the Bioterrorism Hospital Preparedness Program and not yet expended at year-end. This grant is further described in Note 5.

Accounts receivable:

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers and agencies having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values, as determined by quoted market prices, in the statements of financial position. Net unrealized and realized gains or losses are reflected in the statements of activities. The carrying value of the Organizations investments will fluctuate with the financial markets. As a result, the value of such investments as of the date of this report may be materially different than year-end values.

Custodial funds:

Custodial funds consist of funds and equipment held in a custodial capacity on behalf of a state task force.

Property and equipment:

Property and equipment is stated at cost or, if donated, at fair market value at the date of donation, less accumulated depreciation. Depreciation is recorded using the straight-line method over estimated useful lives of the assets.

Equipment is removed from the records and any gain or loss is recognized at the time of disposal. Expenditures for acquisition, renewals, and replacements exceeding \$5,000 are capitalized. Maintenance and repair costs are charged to expense as incurred.

Deferred revenue:

Deferred revenue principally represents grant proceeds received but not yet expended.

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

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 activities. Accordingly, certain costs, such as salaries, benefits, utilities, supplies, and other generic operating expenses, have been allocated among the programs and supporting services benefited.

Fair value measurements:

The Council carries investments at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, a market-based approach is used which establishes that fair value is based on the “highest and best use”. The Council categorizes its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as reflected below. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Level 1 – Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities that management has the ability to access at the measurement date.

Level 2 – Fair values are based on inputs other than quoted prices in Level 1 that are either for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that were observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Fair values are based on unobservable inputs for the asset or liability where there is little, if any, market activity for the asset or liability at the measurement date.

Income taxes:

The Council is classified as an exempt organization for federal income tax purposes under Section 501(c)(3) of the *Internal Revenue Code*.

Credit risk concentrations:

Financial instruments which potentially subject the Council to concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable, and investments. The Council places its cash with high-credit, quality financial institutions. A portion of the Council’s bank deposits are in excess of federally insured limits. Concentrations of credit risk with respect to accounts receivables occur due to the limited number of governmental and commercial accounts. Approximately 91% and 86% of accounts receivable at June 30, 2015 and 2014, respectively, were from the Council’s two largest funding sources.

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Reclassification:

For comparability, the amounts presented for the prior year have been reclassified, where appropriate, to conform to the presentations used for the current.

Note 2. Investments

The Council's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Council believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

	Fair Value Measurements at Reporting Date Using:	
	Fair Value	Level 1
 <u>June 30, 2015</u>		
Mutual funds		
Balanced funds	\$ 43,118	\$ 43,118
Mid-cap growth funds	22,205	22,205
International funds	20,829	20,829
Income funds	47,154	47,154
Total	\$ 133,306	\$ 133,306
 <u>June 30, 2014</u>		
Mutual funds		
Balanced funds	\$ 43,410	\$ 43,410
Mid-cap growth funds	20,223	20,223
International funds	20,510	20,510
Income funds	49,156	49,156
Total	\$ 133,299	\$ 133,299

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 3. Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following as of December 31:

	Estimated Useful Life	2015	2014
Land		\$ 201,600	\$ 201,600
Building	39 years	175,223	175,223
Building improvements	39 years	74,793	74,793
Communications equipment	5-10 years	121,361	68,229
Office equipment	5-10 years	34,392	41,232
Miscellaneous equipment	5-10 years	321,714	321,714
Generator building and equipment	15-20 years	16,672	16,672
		945,755	899,463
Less accumulated depreciation		(364,951)	(342,765)
		\$ 580,804	\$ 556,698

Note 4. Designated Net Assets

A designation of net assets is made to indicate plans for financial resource utilization in a future period. In accordance with policies established by resolution of the Board of Directors of the Council, a reserve fund was established to serve as a future source of operating funds and to support special projects. Transfers from an operating account to this reserve fund, as well as any expenditure from this fund require board action. Unrestricted net assets have been designated for future use in the amounts of \$77,167 and \$0- for 2015 and 2014, respectively.

Note 5. Federal Grants

The Near Southwest Preparedness Alliance (NSPA) is a division within the Council. NSPA has received a grant passed through the Virginia Department of Health from the Department of Health and Human Services. This grant is cooperative agreement entitled The Bioterrorism Hospital Preparedness Program. Under this grant, NSPA is to establish a regional emergency preparedness infrastructure for health care institutions in Southwest Virginia. They are also to purchase equipment and pharmaceuticals, which remain the property of the health care institutions, and to provide training on the proper use of this equipment. At June 30, 2015 and 2014, the amount due from the grantor was \$47,535 and \$72,493 representing 36% and 30% of accounts receivable at June 30, 2015 and 2014, respectively. Net assets temporarily restricted under the grant were \$75,923 as of June 30, 2015.

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 6. Local Government Support

Local government support received by the Council is as follows:

	<u>2015</u>	<u>2014</u>
City of Roanoke	\$ 14,105	\$ 14,105
County of Roanoke	13,922	13,922
County of Montgomery	13,111	13,111
County of Pittsylvania	10,792	10,792
County of Franklin	10,362	9,800
City of Danville	8,528	9,060
County of Henry	7,518	7,518
County of Pulaski	7,352	7,352
County of Botetourt	6,722	6,722
City of Salem	5,972	5,973
County of Patrick	5,089	5,278
County of Giles	4,958	4,958
City of Radford	4,816	4,816
County of Alleghany	4,775	4,992
City of Martinsville	4,435	4,758
County of Floyd	3,506	3,506
City of Covington	3,335	3,571
County of Craig	3,227	3,103
	<u>\$ 132,525</u>	<u>\$ 133,337</u>

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 7. Functional Allocation of Expenses

Expenses incurred were:

	2015		
	Program Services	Management and General	Total
Salaries	\$ 202,863	\$ 188,426	\$ 391,289
NSPA Expenses	439,655	-	439,655
VHHA Expenses	212,962	-	212,962
Contracts for services	129,592	-	129,592
Payroll tax and employee benefits	80,566	31,694	112,260
Salaries – education and testing	44,754	-	44,754
MRC expenses	16,294	-	16,294
BREMS – MRC support expenses	536	-	536
CBA expenses	676	-	676
Special projects	8,830	-	8,830
Supplies and equipment	10,142	17,377	27,519
Depreciation	-	29,026	29,026
Utilities	21,378	-	21,378
Maintenance and repairs	13,087	-	13,087
Travel, mileage, and lodging	7,421	153	7,574
Professional fees	11,080	-	11,080
Insurance	4,386	10,540	14,926
Telecommunications	7,513	4,688	12,201
Textbooks	25,435	-	25,435
Equipment rental	8,100	-	8,100
Staff development	5,798	807	6,605
Rent	6,047	-	6,047
Miscellaneous	11,715	-	11,715
Postage	665	1,133	1,798
Printing and publications	-	2,416	2,416
CISM conference and miscellaneous	1,484	-	1,484
Dues and membership	400	936	1,336
Inter-divisional rent	(18,000)	-	(18,000)
	\$ 1,253,379	\$ 287,196	\$ 1,540,575

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 7. Functional Allocation of Expenses (Continued)

Expenses incurred were:

	2014		
	Program Services	Management and General	Total
Salaries	\$ 209,082	\$ 142,316	\$ 351,398
NSPA Expenses	371,025	-	371,025
VHHA Expenses	160,574	-	160,574
Contracts for services	87,851	-	87,851
Payroll tax and employee benefits	75,863	40,648	116,511
Salaries – education and testing	59,829	-	59,829
MRC expenses	51,767	-	51,767
BREMS – MRC support expenses	1,496	-	1,496
CBA expenses	2,955	-	2,955
Special projects	30,923	-	30,923
Supplies and equipment	10,837	20,610	31,447
Depreciation	-	34,600	34,600
Utilities	24,159	-	24,159
Maintenance and repairs	14,609	70	14,679
Travel, mileage, and lodging	6,576	1,219	7,795
Professional fees	9,311	-	9,311
Insurance	5,242	8,926	14,168
Telecommunications	6,562	4,908	11,470
Textbooks	24,987	-	24,987
Equipment rental	8,100	-	8,100
Staff development	5,701	3,813	9,514
Rent	6,015	-	6,015
Miscellaneous	15,055	-	15,055
Postage	887	1,050	1,937
Printing and publications	2,808	649	3,457
CISM conference and miscellaneous	1,287	-	1,287
Dues and membership	420	1,578	1,998
Inter-divisional rent	(18,000)	-	(18,000)
	\$ 1,175,921	\$ 260,387	\$ 1,436,308

(Continued)

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 8. Retirement Plan

The Council has a Simplified Employee Pension Plan covering all salaried employees who are at least 21 years of age, have received at least \$300 in compensation during the current year, and have completed one year of employment. This one year of employment is defined as having any portion of the year prior to the January 1 enrollment date. The Council contributes a 5% match of the employees' eligible contributions. The Council contributed \$29,647 and \$39,129 to the plan in 2015 and 2014, respectively.

Note 9. Compensated Absences

Each employee earns paid time off (PTO) in accordance with the Council's policies. At the end of each fiscal year, balances of PTO up to 200 hours are carried forward. At June 30, 2015 and 2014, the accrual for compensated balances was \$30,747 and \$30,796, respectively, and is included in accrued expenses on the statement of financial position.

Note 10. Arrangement with the Alliance for Emergency Medical Education and Research

The Council provides all labor, including office support, and management and fiscal oversight to Alliance for Emergency Medical Education and Research (AEMER), a separate 501(c) organization, to manage an annual education symposium for emergency medical services providers.

Note 11. Subsequent Events

Subsequent events were considered through December 14, 2015, the date the financial statements were available to be issued. Subsequent to year-end, Alliance for Emergency Medical Education and Research (AEMER) was dissolved by its governance, and WVEMS has assumed all assets and liabilities of the organization.