



***SOUTHERN BERKS REGIONAL EMERGENCY
MEDICAL SERVICES, INC.***

FINANCIAL STATEMENTS

Years Ended December 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Southern Berks Regional Emergency Medical Services, Inc.
West Lawn, Pennsylvania**

We have audited the accompanying financial statements of Southern Berks Regional Emergency Medical Services, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets - modified cash basis as of December 31, 2018 and 2017, and the related statements of support, revenue and expenses - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 in the first paragraph present fairly, in all material respects, the assets, liabilities, and net assets of Southern Berks Regional Emergency Medical Services, Inc. as of December 31, 2018 and 2017, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Emphasis of Matter

As described in Note 1, Southern Berks Regional Emergency Medical Services, Inc. adopted FASB ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, for the year ended December 31, 2018.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on 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 opinion is not modified with respect to this matter.

Herbein + Company, Inc.

Reading, Pennsylvania
March 20, 2019

SOUTHERN BERKS REGIONAL EMERGENCY MEDICAL SERVICES, INC.

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS

	December 31	
	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	\$ 430,234	\$ 398,326
Unemployment Compensation Account	24,752	24,126
	<u>454,986</u>	<u>422,452</u>
TOTAL CURRENT ASSETS	454,986	422,452
RESTRICTED CASH - AMBULANCE	77,501	84,140
LAND, BUILDINGS, AND EQUIPMENT		
Buildings and improvements	41,617	41,617
Ambulances and vehicles	1,323,444	1,241,897
Medical and communication equipment	476,637	476,637
Office equipment, furniture, and fixtures	8,478	8,478
	<u>1,850,176</u>	<u>1,768,629</u>
Less: accumulated depreciation	(1,374,939)	(1,339,268)
	<u>475,237</u>	<u>429,361</u>
NET LAND, BUILDINGS, AND EQUIPMENT	475,237	429,361
	<u>\$ 1,007,724</u>	<u>\$ 935,953</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Credit card payable	\$ 8,944	\$ 3,898
Payroll taxes withheld	6,166	5,324
Current portion of long-term debt	101,970	87,103
Current portion of capitalized lease obligations	37,588	39,439
	<u>154,668</u>	<u>135,764</u>
TOTAL CURRENT LIABILITIES	154,668	135,764
NONCURRENT LIABILITIES		
Long-term obligations	655,391	647,337
	<u>810,059</u>	<u>783,101</u>
TOTAL LIABILITIES	810,059	783,101
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>197,665</u>	<u>152,852</u>
	<u>\$ 1,007,724</u>	<u>\$ 935,953</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,007,724</u>	<u>\$ 935,953</u>

See accompanying notes.

SOUTHERN BERKS REGIONAL EMERGENCY MEDICAL SERVICES, INC.

STATEMENTS OF SUPPORT, REVENUE, AND EXPENSES - MODIFIED CASH BASIS

	Year Ended December 31	
	2018	2017
REVENUES		
Transportation services	\$ 2,810,651	\$ 2,875,213
Membership/contracted services	414,944	418,163
Standby services	82,501	80,571
Donations	78,795	76,098
Grant revenue	9,563	7,448
Administrative	2,037	499
Gain on sale of asset	4,200	-
Interest income	3,067	684
	3,405,758	3,458,676
EXPENSES		
Ambulance services	3,160,962	3,103,240
General and administrative	199,983	184,059
	3,360,945	3,287,299
	CHANGE IN NET ASSETS	171,377
	44,813	171,377
NET ASSETS WITHOUT DONOR RESTRICTIONS - BEGINNING OF YEAR	152,852	(18,525)
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	\$ 197,665	\$ 152,852

See accompanying notes.

SOUTHERN BERKS REGIONAL EMERGENCY MEDICAL SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

Year Ended December 31, 2018

	<u>Ambulance</u>	<u>General and</u>	<u>Total Expenses</u>
Wages	\$ 1,908,824	\$ 107,623	\$ 2,016,447
Payroll taxes	144,584	7,610	152,194
Employee benefits	171,376	9,020	180,396
	<u>2,224,784</u>	<u>124,253</u>	<u>2,349,037</u>
Maintenance and repairs - ambulances	46,913	-	46,913
Maintenance and repairs - equipment	17,863	2,669	20,532
Maintenance and repairs - buildings	10,235	1,529	11,764
Gas and oil	106,273	-	106,273
Ambulance and medical supplies	45,306	-	45,306
Bank fees	7,852	413	8,265
Uniforms	15,815	-	15,815
Equipment/lease expense	13,848	729	14,577
Utilities	30,929	1,974	32,903
Office supplies	9,789	2,761	12,550
Professional fees, including billing	221,793	44,048	265,841
Telephone	26,311	6,309	32,620
Insurance	194,080	5,919	199,999
Postage	-	2,074	2,074
Interest	24,935	-	24,935
Rent	21,600	-	21,600
Continuing education and training	5,913	-	5,913
Advertising	202	-	202
Miscellaneous	2,100	7,305	9,405
	<u>3,026,541</u>	<u>199,983</u>	<u>3,226,524</u>
Total expenses before depreciation			
Depreciation	134,421	-	134,421
	<u>134,421</u>	<u>-</u>	<u>134,421</u>
TOTAL EXPENSES	<u>\$ 3,160,962</u>	<u>\$ 199,983</u>	<u>\$ 3,360,945</u>

See accompanying notes.

SOUTHERN BERKS REGIONAL EMERGENCY MEDICAL SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

Year Ended December 31, 2017

	<u>Ambulance</u>	<u>General and</u>	<u>Total Expenses</u>
Wages	\$ 1,874,697	\$ 103,074	\$ 1,977,771
Payroll taxes	141,758	7,609	149,367
Employee benefits	176,204	9,458	185,662
	<u>2,192,659</u>	<u>120,141</u>	<u>2,312,800</u>
Maintenance and repairs - ambulances	62,449	-	62,449
Maintenance and repairs - equipment	17,223	2,671	19,894
Maintenance and repairs - buildings	9,762	1,514	11,276
Gas and oil	87,816	-	87,816
Ambulance and medical supplies	49,285	-	49,285
Bank fees	8,457	465	8,922
Uniforms	16,996	-	16,996
Equipment/lease expense	14,478	796	15,274
Utilities	34,721	2,172	36,893
Office supplies	10,640	2,929	13,569
Professional fees, including billing	235,377	34,441	269,818
Telephone	30,845	3,342	34,187
Insurance	166,755	5,086	171,841
Postage	-	3,276	3,276
Interest	41,151	-	41,151
Rent	21,600	-	21,600
Continuing education and training	8,635	-	8,635
Advertising	475	-	475
Miscellaneous	-	7,226	7,226
	<u>3,009,324</u>	<u>184,059</u>	<u>3,193,383</u>
Total expenses before depreciation			
Depreciation	93,916	-	93,916
	<u>93,916</u>	<u>-</u>	<u>93,916</u>
TOTAL EXPENSES	<u>\$ 3,103,240</u>	<u>\$ 184,059</u>	<u>\$ 3,287,299</u>

See accompanying notes.

SOUTHERN BERKS REGIONAL EMERGENCY MEDICAL SERVICES, INC.

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

	Year Ended December 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 44,813	171,377
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	134,421	93,916
Gain on sale of asset	(4,200)	-
Changes in:		
Unemployment Compensation Account	(626)	(4,071)
Credit card payable	5,046	(3,543)
Payroll taxes withheld	842	(40)
	<u>180,296</u>	<u>257,639</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	180,296	257,639
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of fixed assets	4,200	-
Purchases of buildings and improvements	-	(3,100)
Purchases of ambulances and vehicles	(112,699)	(7,883)
	<u>(108,499)</u>	<u>(10,983)</u>
NET CASH USED BY INVESTING ACTIVITIES	(108,499)	(10,983)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on line of credit	-	(7,250)
Borrowings of long-term debt	87,716	3,000
Repayments on long-term debt	(97,527)	(105,559)
Borrowings from capitalized lease obligations	-	89,350
Repayments on capitalized lease obligations	(36,717)	(23,643)
	<u>(46,528)</u>	<u>(44,102)</u>
NET CASH USED BY FINANCING ACTIVITIES	(46,528)	(44,102)
NET INCREASE IN CASH	25,269	202,554
CASH AT BEGINNING OF YEAR	<u>482,466</u>	<u>279,912</u>
CASH AT END OF YEAR	<u><u>\$ 507,735</u></u>	<u><u>\$ 482,466</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 24,935	\$ 41,151
NONCASH INVESTING AND FINANCING ACTIVITIES		
Equipment obtained through issuance of long-term debt	\$ 67,598	\$ 117,639
Issuance of debt to pay off existing debt	-	417,364

See accompanying notes.

SOUTHERN BERKS REGIONAL EMERGENCY MEDICAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Southern Berks Regional Medical Services, Inc. (SBREMS or the "Organization") was incorporated in 1961 in the Commonwealth of Pennsylvania as a nonprofit corporation to provide various levels of ambulance and related services to the Southern Berks County area. The types of services provided consist of the following:

Basic Life Support (BLS):

The initial treatment and subsequent transportation of individuals not requiring paramedic attention.

Advanced Life Support (ALS):

The initial treatment and subsequent transportation of individuals requiring paramedic attention for potentially life-threatening emergencies.

Wheelchair Transportation:

The transportation of wheelchair confined individuals between residences, nursing homes, and medical facilities.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts of asset and liabilities and disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Basis of Accounting

SBREMS's policy is to prepare the financial statements on the modified cash basis of accounting, which includes reporting of depreciation and amortization on long-lived assets, liabilities for the acquisition of long-lived assets, payroll withholding, and credit card liabilities. Under this basis revenue is recognized when collected rather than when earned, and expenses are recognized when paid rather than when incurred. Consequently, accounts receivable, accounts payable, and accrued expenses, other than those mentioned above, are not included in the financial statements. If an expenditure results in the acquisition of an asset having an estimated useful life that extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated or amortized over the estimated useful life of the asset.

Cash and Cash Equivalents

Cash and cash equivalents are liquid investments with maturities at date of purchase of three months or less and consist of primarily money market funds.

At year end and certain times during the year, balances exceed the amounts of federally insured limit.

SOUTHERN BERKS REGIONAL EMERGENCY MEDICAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at cost and depreciable assets are depreciated on the straight-line method over the following estimated useful lives:

Buildings and improvements	15 - 40 years
Ambulances and vehicles	5 - 7 years
Medical and communication equipment	5 - 7 years
Office equipment, furniture, and fixtures	5 - 7 years

Maintenance and repairs of buildings and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of buildings and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

Net Assets

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets without donor restrictions include funds not subject to donor-imposed stipulations. In general, the revenues received, and expenses incurred in conducting the Organization's charitable mission are included in this category.

Net Assets With Donor Restrictions - Net assets with donor restrictions include gifts, grants, and pledges whose use by the Organization has been limited by donors to later periods of time or after specified dates, or to specified purposes.

At this time, all net assets are without donor restriction.

Contribution/Revenue

Gifts of cash and other assets are reported as either revenues with donor restrictions or revenues without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of support, revenue, and expenses as net assets released from restrictions. Contributions received in which donor restrictions are satisfied within the same reporting period are recorded as unrestricted support. Currently all contributions are without donor restrictions.

SOUTHERN BERKS REGIONAL EMERGENCY MEDICAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Donated Materials and Services

No amounts have been reflected in the statements for donated services, as no objective basis is available to measure the value of such services. However, the services and objectives of the Organization are provided by a number of volunteers donating their time, in addition to paid staff.

Donated materials and equipment are recorded as contributions at their estimated fair market value on the date of receipt. No donated materials or equipment were received for the years ended December 31, 2018 or 2017.

Functional Expense Allocations

Expenses related to more than one function are allocated to programs and supporting services based on employee time estimates, square footage, or other appropriate usage factors.

Tax-Exempt Status

The Organization is incorporated under the laws of the Commonwealth of Pennsylvania as a nonprofit corporation and is exempt from registration from the Internal Revenue Service. There is no provision for federal or state income taxes.

In accordance with generally accepted accounting principles, the Organization accounts for uncertain tax positions relative to unrelated business income, if any, as required.

Adoption of FASB ASU No. 2016-14

The Organization adopted FASB ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which makes targeted changes to the not-for-profit financial reporting model. Under the new ASU, the previously existing three-category classification of net assets (i.e. unrestricted, temporarily restricted, and permanently restricted) is replaced with a model that combines temporarily restricted and permanently restricted into a single category called "net assets with donor restrictions." Differences in the nature of donor restrictions will be disclosed in the notes, with an emphasis on how and when the resources can be used. The guidance for classifying deficiencies in endowment funds ("underwater endowments") and on accounting for the lapsing of restrictions on gifts to acquire property, plant, and equipment have also been clarified. New disclosures highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements. Note 10 discloses the extent to which the balance sheet comprises financial assets, the extent to which those assets can be converted to cash within one year, and any limitations that would preclude their current use. This standard is effective for fiscal years beginning after December 15, 2017. The Organization adopted this standard for the year ended December 31, 2018.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition through March 20, 2019, the date the financial statements were available to be issued.

The only subsequent event noted is related to restricted cash and a debt obligation, which is disclosed in Note 11.

SOUTHERN BERKS REGIONAL EMERGENCY MEDICAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 2 - CASH

At various times during the year, the Organization had cash balances in excess of the federally insured limit in deposits at a local bank.

The Organization has a separate account - Unemployment Compensation account to pay any unemployment claim needs.

Restricted cash consists of loan proceeds as a result of purchasing and financing equipment that has not been received by the end of the related fiscal year.

NOTE 3 - AVAILABLE LINES OF CREDIT

At December 31, 2018 and 2017, the Organization had an available line of credit of \$150,000. The agreement provides for monthly interest payments at the Wall Street prime rate plus 2.5% (8% and 7% at December 31, 2018 and 2017). The line is secured by a first-lien on all business assets. The Organization did not have an outstanding balance at December 31, 2018 or 2017. The line is renewed annually.

At December 31, 2018 and 2017, the Organization had another available line of credit of \$100,000. It was opened on July 20, 2017. The agreement provides for monthly interest payments at the Wall Street prime rate plus 2% (7.5% and 6.5% at December 31, 2018 and 2017). The line is secured by a first-lien mortgage on the real property and all inventory and equipment. The Organization did not have an outstanding balance at December 31, 2018 or 2017. The line is renewed annually.

At January 1, 2017, the Organization had a line of credit balance due to their third-party billing company of \$7,250. This balance was paid in full during the year ended December 31, 2017. The line of credit was closed once this balance was paid.

SOUTHERN BERKS REGIONAL EMERGENCY MEDICAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 4 - LONG-TERM DEBT

Long-term debt consists of the following:

	December 31	
	2018	2017
<p>Note payable to bank with monthly payments until December 20, 2035, at which time all remaining principal is due. Payments of \$1,743 including interest at 2.75% are required for the first 60 months. Then 180 monthly payments of \$1,902 beginning in August 2022. Interest will be set and final for five years with successive five year resets to the Tax Free Equivalent of the sum of the then-existing Five Year Federal Home Loan Bank of Pittsburgh Rate plus 2.9% times 65%. The note was used to refinance an existing mortgage and is secured by the related property.</p>	\$ 293,062	\$ 305,611
<p>Note payable to bank with monthly payments of \$1,671, including interest at 2.7% until August 30, 2022, at which time all remaining principal is due. The note was used to finance an ambulance purchase and is secured by the related equipment.</p>	69,883	89,224
<p>Note payable to bank with monthly payments of \$1,788, including interest at 2.7% until February 2022. The note was used to refinance an ambulance purchase and is secured by the related equipment.</p>	64,997	84,380
<p>Note payable to bank with monthly payments of \$446, including interest at 4.24% until February 2022, at which time all remaining principal is due. The note was used to finance a wheel chair van purchase. Collateral for the note is the wheelchair van and substantially all other assets of the Organization.</p>	15,795	20,357
<p>Note payable to bank with monthly payments of \$674, including interest at 5.73% until September 30, 2021, at which time all remaining principal is due. The note was used to finance a wheel chair van purchase. Collateral for the note is the wheelchair van and substantially all other assets of the Organization.</p>	21,068	27,716
<p>Note payable to bank with monthly payments of \$2,349, including interest at 5.75% thru June 30, 2021. The note was used to finance an ambulance purchase and is secured by the related equipment.</p>	67,455	90,966
<p>Note payable to bank with monthly payments of \$578, including interest at 2.70% thru January 10, 2023. The note was used to finance a wheel chair van purchase. Collateral for the note is the wheelchair van and substantially all other assets of the Organization.</p>	26,771	-

SOUTHERN BERKS REGIONAL EMERGENCY MEDICAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 4 - LONG-TERM DEBT - CONTINUED

	December 31	
	2018	2017
<p>Note payable to bank with monthly payments of \$657, including interest at 4.49% thru June 22, 2023. The note was used to finance a vehicle purchase. Collateral for the note is the vehicle and substantially all other assets of the Organization.</p>	31,944	-
<p>Portion payable within one year and classified as current</p>	590,975 (101,970)	618,254 (87,103)
<p>Note payable to bank obtained in 2018 for the purchase of an ambulance but returned in 2019 when Organization did not accept vehicle - See Note 11.</p>	85,067	-
	\$ 574,072	\$ 531,151

Maturities are as follows for the years ending December 31:

2019	\$ 101,970
2020	104,861
2021	92,566
2022	48,197
2023	20,446
2024-2028	87,913
2029-2033	100,856
2034-2035	34,166
	\$ 590,975

SOUTHERN BERKS REGIONAL EMERGENCY MEDICAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 5 - CAPITALIZED LEASE OBLIGATIONS

Capitalized lease obligations outstanding are as follows:

	December 31	
	2018	2017
Lease with U.S. Bancorp Equipment Finance, Inc. entered into in May 2016. The lease requires monthly payments of \$884 to April 2021.	\$ 24,238	\$ 34,264
Lease with U.S. Bancorp Equipment Finance, Inc. entered into in September 2016. The lease requires monthly payments of \$854 to August 2021.	26,637	36,292
Lease with Bank Capital Services entered into in October 2017. The lease requires monthly payments of \$1,594 through September 2022.	68,032	85,069
	118,907	155,625
Portion payable within one year and classified as current.	(37,588)	(39,439)
	\$ 81,319	\$ 116,186

Future minimum lease payments are as follows for the years ending December 31:

2019	\$ 39,975
2020	39,975
2021	29,487
2022	14,235
Less imputed interest	(4,765)
	\$ 118,907

The amount of net capitalized lease equipment included with equipment on the balance sheet at December 31, 2018 and 2017 is \$188,543 with accumulated depreciation of \$58,616 and \$25,946, respectively. This equipment can be purchased at the end of the leases for \$1.

SOUTHERN BERKS REGIONAL EMERGENCY MEDICAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 6 - MEMBERSHIP DRIVE

The Organization conducts an annual community-wide solicitation for their membership subscription program in an effort to raise revenue to underwrite their operating costs. Under this program, the Organization will accept as payment in full, reimbursements from applicable third-party providers (insurance companies, government programs) regardless of coverage, deductibles, or co-insurance requirements. Municipalities who have contracted services with Southern Berks Regional Emergency Medical Services, Inc. pay for membership for all residents in the municipality.

NOTE 7 - UNION AGREEMENT

During October 2014, the Organization entered into a union agreement with the International Organization of Firefighters in which all full-time and regular part-time paramedics, EMTs, and wheelchair van operators are included. The agreement was dated through October 1, 2017. A new agreement was negotiated in October 2017. This new agreement is effective October 1, 2017, through September 30, 2022.

NOTE 8 - COMMITMENTS

The Organization currently leases space for one of its stations on a year to year lease basis. Lease payments were \$1,800 per month for 2018 and 2017. The lease is automatically extended for a one year term unless the Organization gives notice 90 days prior to ending the lease.

NOTE 9 - RETIREMENT PLAN

The Organization adopted a 403b retirement plan effective January 1, 2018. Employees who are eligible are able to contribute to this plan with up to 3% employer matching contributions. Employee contributions are 100% vested; employer contributions vest at 25% per year; four or more years of service at 100%. Total employer contributions to this plan were \$23,670 for the year ended December 31, 2018.

SOUTHERN BERKS REGIONAL EMERGENCY MEDICAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 10 - AVAILABILITY OF FINANCIAL RESOURCES

The following reflects the Organization's financial assets as of December 31, 2018 and 2017, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions and financial liabilities due within one year. The Organization's financial assets include cash and an unemployment compensation account, investments, other receivables, and beneficial interest in perpetual trusts. The Organization does not currently have restricted funds.

	<u>2018</u>	<u>2017</u>
Cash	\$ 507,735	\$ 482,466
Unemployment Compensation Account	<u>24,752</u>	<u>24,126</u>
Total financial assets	532,487	506,592
Less:		
Restricted cash for vehicle purchase	<u>(77,501)</u>	<u>(84,140)</u>
Total financial assets available to meet cash needs for general expenditures within one year	454,986	422,452
Plus lines of credit	<u>250,000</u>	<u>250,000</u>
Total financial assets and line of credit available to meet cash needs for general expenditures within one year	<u>\$ 704,986</u>	<u>\$ 672,452</u>

NOTE 11 - RESTRICTED CASH AND RELATED OBLIGATION

The Organization obtained a note payable to finance the purchase of an ambulance in October 2018. The Organization received the loan funds in October 2018 and paid a \$10,000 deposit for the ambulance with the balance of funds held in a restricted cash account. The ambulance was delivered to dealer in January, but did not meet quality standards and the Organization refused to accept the vehicle. The related outstanding obligation was paid in full on March 12, 2019. The Organization is still waiting to receive the \$10,000 deposit back from the company they ordered the ambulance from.

SOUTHERN BERKS REGIONAL EMERGENCY MEDICAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 12 - NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs - Contracts with Customers (Subtopic 340-40)*. This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. In August 2015, the FASB issued ASU No. 2015-14 which defers the effective date of ASU No. 2014-09 one year, making it effective for fiscal years beginning after December 15, 2018. The Organization is evaluating the impact of this standard on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Under this guidance, lessees will need to recognize the following for all leases (with the exception of leases with a term of twelve months or less) at the commencement date: (a) a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expire before the earliest comparative period presented. A full retrospective transition approach is not permitted. This standard is effective for fiscal years beginning after December 15, 2019, with early application permitted. The Organization is evaluating the impact this standard will have on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. The new ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. ASU 2018-08 clarifies that benefits received by the general public is not the same as the resource provider receiving that benefit and that the execution of the resource provider’s mission does not equate to commensurate value. The ASU also provides guidance for distinguishing between conditional and unconditional contributions. A conditional contribution must have (1) a barrier that must be overcome AND (2) a right of return or release of the donor obligation. Conditional contributions received are accounted for as a liability, while conditional pledges are unrecognized. In each instance, when the barriers to entitlement are overcome, the related revenue is recognized and classified in the appropriate net asset class. The effective date is for fiscal years beginning after December 15, 2018, with early implementation permitted. The Organization is evaluating the impact of this standard on the financial statements.