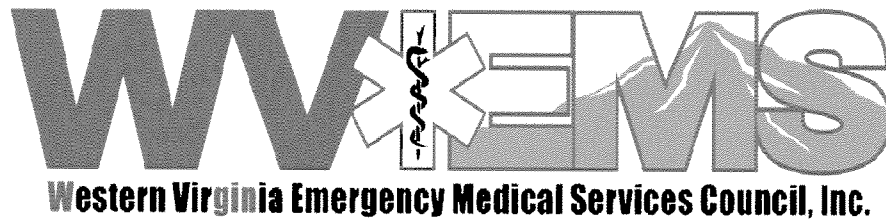


Financial Statements
Years Ended
June 30, 2011 and 2010



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Western Virginia Emergency Medical Services Council, Inc.

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DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Report of Independent Auditors

Board of Directors

Western Virginia Emergency Medical Services Council, Inc.

We have audited the accompanying statement of financial position of ***Western Virginia Emergency Medical Services Council, Inc. (Council's)***, a not-for-profit organization as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of June 30, 2010 were audited by Goodman & Company, LLP, who merged into Dixon Hughes Goodman LLP as of April 1, 2011, and whose report dated October 25, 2010 expressed an unqualified opinion on those statements.

We conducted our audit 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2011 financial statements referred to above present fairly, in all material respects, the financial position of ***Western Virginia Emergency Medical Services Council, Inc.*** as of June 30, 2011, and results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

Roanoke, Virginia
November 2, 2011

Western Virginia Emergency Medical Services Council, Inc.

Statements of Financial Position

June 30,	2011	2010
Assets		
Current assets		
Unrestricted cash and cash equivalents	\$ 358,256	\$ 423,453
Restricted cash	2,041	38,184
Accounts receivable	171,940	75,276
Prepaid expenses	7,780	9,735
Custodial funds	27,775	29,978
Total current assets	567,792	576,626
Property and equipment - net	443,099	415,924
	\$ 1,010,891	\$ 992,550
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 36,083	\$ 34,924
Accrued salaries and wages	32,480	25,864
Custodial funds liability	27,775	29,978
Total liabilities	96,338	90,766
Net assets		
Unrestricted	906,885	826,374
Unrestricted - designated	5,627	55,036
Total unrestricted	912,512	881,410
Temporarily restricted	2,041	20,374
Total net assets	914,553	901,784
	\$ 1,010,891	\$ 992,550

The accompanying notes are an integral part of these financial statements.

Western Virginia Emergency Medical Services Council, Inc.

Statements of Activities

Years Ended June 30,	2011	2010
Unrestricted revenues and support		
State government	\$ 475,390	\$ 478,630
Local government	132,652	133,437
Other support and income	224,431	267,117
United Way organizations	4,041	4,587
Interest income	7,150	10,858
Net assets released from restrictions	362,547	424,035
	<u>1,206,211</u>	<u>1,318,664</u>
Expenses (see schedules)		
Program services	949,197	1,030,400
Management and general	225,912	251,947
	<u>1,175,109</u>	<u>1,282,347</u>
Change in unrestricted net assets	<u>31,102</u>	<u>36,317</u>
Temporarily restricted net assets		
Federal grant revenue	344,214	362,976
Net assets released from restrictions	(362,547)	(424,035)
	<u>(18,333)</u>	<u>(61,059)</u>
Change in temporarily restricted net assets	<u>(18,333)</u>	<u>(61,059)</u>
Change in net assets	12,769	(24,742)
Net assets - beginning of year	<u>901,784</u>	<u>926,526</u>
Net assets - end of year	<u>\$ 914,553</u>	<u>\$ 901,784</u>

The accompanying notes are an integral part of these financial statements.

Western Virginia Emergency Medical Services Council, Inc.

Schedules of Expenses

Years Ended June 30, 2011 and 2010

	2011			2010		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries	\$ 181,185	\$ 136,937	\$ 318,122	\$ 178,212	\$ 158,197	\$ 336,409
NSPA expenses	312,812	-	312,812	424,035	-	424,035
Contracts for services	151,491	-	151,491	196,811	-	196,811
Payroll tax and employee benefits	70,690	36,346	107,036	69,490	37,219	106,709
Salaries - education and testing	62,288	-	62,288	56,471	-	56,471
MRC expenses	49,735	-	49,735	-	-	-
Special projects	23,587	-	23,587	10,076	-	10,076
Supplies and equipment	5,835	15,028	20,863	18,264	8,001	26,265
Depreciation	-	17,793	17,793	-	28,760	28,760
Utilities	16,923	-	16,923	17,634	-	17,634
Maintenance and repairs	15,892	255	16,147	5,526	-	5,526
Travel, mileage and lodging	10,699	2,782	13,481	8,341	2,219	10,560
Professional fees	13,335	-	13,335	11,587	-	11,587
Insurance	4,378	7,893	12,271	4,928	7,364	12,292
Telecommunications	7,396	4,404	11,800	7,465	5,813	13,278
Textbooks	11,027	-	11,027	11,369	-	11,369
Equipment rental	8,100	-	8,100	8,100	-	8,100
Staff development	5,447	1,296	6,743	6,217	1,931	8,148
Rent	5,338	-	5,338	4,893	-	4,893
Miscellaneous	4,490	-	4,490	3,867	-	3,867
Postage	2,246	935	3,181	1,705	802	2,507
Printing and publications	2,128	806	2,934	1,998	588	2,586
CISM conference	1,928	-	1,928	636	-	636
Dues and memberships	247	1,437	1,684	275	1,053	1,328
Inter-divisional rent	(18,000)	-	(18,000)	(17,500)	-	(17,500)
	\$ 949,197	\$ 225,912	\$ 1,175,109	\$ 1,030,400	\$ 251,947	\$ 1,282,347

The accompanying notes are an integral part of these financial statements.

Western Virginia Emergency Medical Services Council, Inc.

Statements of Cash Flows

Years Ended June 30,	2011	2010
Cash flows from operating activities		
Change in net assets	\$ 12,769	\$ (24,742)
Adjustments to reconcile to net cash from operating activities:		
Depreciation	17,793	28,760
Change in:		
Accounts receivable	(96,664)	58,483
Prepaid expenses	1,955	3,104
Accounts payable	1,159	9,729
Accrued salaries and wages	6,616	(5,915)
Net cash from operating activities	(56,372)	69,419
Cash flows from investing activities		
Purchase of property and equipment	(44,968)	-
Net change in cash and cash equivalents	(101,340)	69,419
Cash and cash equivalents - beginning of year	461,637	392,218
Cash and cash equivalents - end of year	\$ 360,297	\$ 461,637

The accompanying notes are an integral part of these financial statements.

Western Virginia Emergency Medical Services Council, Inc.

Notes to Financial Statements

June 30, 2011 and 2010

1. Organization and Nature of Activities

Western Virginia Emergency Medical Services Council, Inc. (Council) was organized in September 1975 as a not-for-profit, nonstock 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.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

The Council reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These financial statements report amounts separately by class of net assets as follows:

Unrestricted net assets generally result from revenues derived from providing services; receiving unrestricted contributions; realized gains and losses; and receiving dividends and interest from investing in income-producing assets, less expenses incurred in providing services, raising contributions, and performing administrative functions; and the acquisition of property and equipment.

Temporarily restricted net assets generally result from contributions and other inflows of assets whose use by the Council is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Council pursuant to those stipulations. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Council reports the support as unrestricted.

Permanently restricted net assets generally represent the historical cost (market value at date of gift) of contributions and other inflows of assets whose use by the Council is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the Council. The Council had no permanently restricted net assets at June 30, 2011 or 2010.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Council considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

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.

Custodial Funds

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

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.

Property and Equipment

Property and equipment is stated at cost or, if donated, at fair market value at the date of donation. The Council's policy is to capitalize property and equipment purchased with an aggregate cost greater than \$5,000. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of activities. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis as follows:

Buildings and improvements	39 years
Communications equipment	15 years
Office equipment	5-10 years
Miscellaneous equipment	5-10 years
Generator building and equipment	15-20 years

Expenditures for acquisition, renewals, and betterments are capitalized, whereas maintenance and repair costs are charged to expense as incurred. When properties are retired or otherwise disposed, the appropriate accounts are relieved of costs and accumulated depreciation and any resultant gain or loss is credited or charged to income.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Financial Instruments

The Council believes the book value of its financial instruments (cash equivalents, accounts receivable, accounts payable, and accrued expenses) approximates their fair value due to their short-term nature.

Income Taxes

The Council is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Council has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2011. Fiscal years ending on or after 2008 remain subject to examination by federal and state tax authorities.

Credit Risk

Financial instruments that potentially subject the Council to concentrations of credit risk consist principally of interest-bearing transaction accounts. The Council places its interest-bearing transaction accounts with high credit quality financial institutions. On June 30, 2011 and 2010, the Council had on deposit \$7,207 and \$150,753, respectively, in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC).

Concentrations of credit risk with respect to trade receivables occur due to the limited number of governmental and commercial accounts. Approximately 80% and 87% of gross accounts receivable at June 30, 2011 and 2010, respectively, were from the Council's two largest funding sources.

Subsequent Events

In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through November 2, 2011, the date the financial statements were available to be issued.

Reclassifications

Certain accounts in the prior year statements have been reclassified for comparative purposes to conform to the current year financial statement presentation.

3. Property and Equipment

Property and equipment consists of the following:

	<u>2011</u>	<u>2010</u>
Land	\$ 201,600	\$ 201,600
Building	175,223	175,223
Building improvements	64,233	19,264
Communications equipment	151,377	151,377
Office equipment	50,881	50,881
Miscellaneous equipment	191,510	191,510
Generator building and equipment	11,402	11,402
	<u>846,226</u>	<u>801,257</u>
Less – accumulated depreciation	(403,127)	(385,333)
	<u>\$ 443,099</u>	<u>\$ 415,924</u>

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 as follows:

	<u>2011</u>	<u>2010</u>
	\$ 5,627	\$ 55,036

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 a 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, 2011 and 2010, the amount due from the grantor was \$58,026 and \$61,138, respectively, representing 34% and 81% of gross accounts receivable at June 30, 2011 and 2010, respectively. Net assets temporarily restricted under the grant were \$2,041 and \$20,374 as of June 30, 2011 and 2010, respectively.

The Virginia Medical Reserve Corps (MRC) is a force of dedicated volunteers who stand ready to support the community in the event of a public health emergency. Each of the 31 local MRC units is comprised of teams of medical and public health professionals who, along with interested community members, volunteer their skills, expertise and time to support ongoing public health initiatives and assist during emergencies throughout Virginia. During 2011, the Council entered into a contract with the Virginia Department of Health to manage the MRC program in two of Virginia's health districts. By combining the coordination of this program in two districts, a full-time coordinator could be hired to create synergy to make better use of funds allocated for the program. At June 30, 2011, the amount due from the grantor was \$26,861 representing 16% of gross accounts receivable at June 30, 2011. There were no net assets restricted under the grant as of June 30, 2011.

6. Local Government Support

Local government support received by the Council is as follows:

	<u>2011</u>	<u>2010</u>
City of Roanoke	\$ 14,100	\$ 14,100
County of Roanoke	13,922	13,922
County of Montgomery	13,111	13,111
County of Pittsylvania	10,576	10,792
County of Franklin	9,800	9,800
City of Danville	9,060	9,055
County of Henry	7,518	7,914
County of Pulaski	7,352	7,352
County of Botetourt	6,722	6,722
City of Salem	5,973	5,973
County of Patrick	5,278	5,278
County of Alleghany	4,992	4,992
County of Giles	4,957	4,958
City of Martinsville	4,294	4,520
City of Radford	4,816	4,378
County of Floyd	3,507	3,896
City of Covington	3,571	3,571
County of Craig	3,103	3,103
	<u>\$ 132,652</u>	<u>\$ 133,437</u>

7. Rental Income

The Council leased building and antenna space to a tenant under a noncancelable operating lease with a term of five years. Due to financial difficulties, the tenant was unable to continue paying lease payments. Total rental income received under this lease was \$5,736 in 2010 and is included in other support and income on the statement of activities. There is no future minimum rental income associated with this lease.

8. Pension 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 at least 9% of the employees' eligible annual compensation to the plan. The Council contributed \$24,275 and \$27,701 to the plan in 2011 and 2010, respectively.

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 600 hours are carried forward. At termination or retirement, employees will be paid for all PTO balances up to 200 hours. At June 30, 2011 and 2010, the accrual for compensated balances was \$26,153 and \$25,864, respectively.

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)3 organization, to manage an annual education symposium for emergency medical services providers. These services were funded through the Council's contract with The Virginia Department of Health, Office of Emergency Medical Services (OEMS). Effective July 1, 2010, OEMS restructured their funding of the symposium and is now paying for the expenses directly. The Council allocated \$0 and \$33,190 of their contract with OEMS to AEMER for the symposium in 2011 and 2010, respectively.

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