



**AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

JUNE 30, 2014

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

**AUDITOR’S REPORT
AND
FINANCIAL STATEMENTS**

June 30, 2014

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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 statements of financial position of Western Virginia Emergency Medical Services Council, Inc. (the "Council") as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statement.

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 presentation of financial statements that are free from material misstatements.

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, 2014, 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.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December __, 2014

Your Success is Our Focus

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2014 and June 30, 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 149,888	\$ 147,609
Restricted cash	54,994	216
Accounts receivable	241,205	302,802
Prepaid expenses	7,825	11,481
Investments (Note 2)	133,299	107,394
Custodial funds	22,295	24,465
Total current assets	609,506	593,967
Property and equipment, net (Note 3)	556,698	575,468
Total assets	\$ 1,166,204	\$ 1,169,435
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 24,150	29,992
Accrued expenses	34,661	30,296
Deferred revenue	7,252	4,202
Custodial funds liability	22,295	24,465
Other liabilities	-	1,619
Total liabilities	88,358	90,574
NET ASSETS		
Unrestricted	1,077,846	1,072,876
Unrestricted-designated	-	5,985
Total unrestricted net assets	1,077,846	1,078,861
Total liabilities and net assets	\$ 1,166,204	\$ 1,169,435

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 5)	133,337	-	133,337
Other support and income	198,169	-	198,169
United Way organizations	3,008	-	3,008
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	1,435,294	-	1,435,294
Expenses (Note 6)			
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	<u>\$ 1,077,846</u>	<u>\$ -</u>	<u>\$ 1,077,846</u>

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

**STATEMENTS OF ACTIVITIES
Year Ended June 30, 2013**

	2013		
	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support:			
State government	\$ 482,990	\$ -	\$ 482,990
Federal grant revenue	-	591,506	591,506
Local government (Note 5)	133,332	-	133,332
Other support and income	341,145	-	341,145
United Way organizations	2,911	-	2,911
Unrealized and realized gains	10,859	-	10,859
Investment income	7,776	-	7,776
Net assets released from restrictions and reclassifications	591,772	(591,772)	-
Total revenues	1,570,785	(266)	1,570,519
Expenses (Note 6)			
Program services	1,175,384	-	1,175,384
Management and general	255,577	-	255,577
Total expenses	1,430,961	-	1,430,961
Change in net assets	139,824	(266)	139,558
NET ASSETS			
Beginning	939,037	266	939,303
Ending	<u>\$ 1,078,861</u>	<u>\$ -</u>	<u>\$ 1,078,861</u>

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

**STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2014 and 2013**

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,015)	\$ 139,558
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation expense	34,600	26,536
Unrealized and realized gains on investments	(12,224)	(10,859)
Change in certain operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	61,597	(40,436)
Prepaid expense	3,656	1,771
Increase (decrease) in:		
Accounts payable	(5,842)	(11,103)
Accrued expenses and other liabilities	2,746	(11,631)
Deferred revenue	3,050	(17,505)
Net cash provided by operating activities	86,568	76,331
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(15,830)	(178,356)
Change in deferred revenue for equipment purchase	-	(102,809)
Change in investments, net of proceeds from sales	(13,681)	24,498
Net cash used in investing activities	(29,511)	(256,667)
Increase (decrease) in cash and cash equivalents and restricted cash	57,057	(180,336)
TOTAL CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning	147,825	328,161
Ending	\$ 204,882	\$ 147,825

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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.

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.

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, 2014

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.

Custodial funds:

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

Income and realized and unrealized net gains on investments are reported as increases in unrestricted net assets.

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, 2014

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*.

The federal Form 990 information returns of the Council for 2010, 2011, and 2012 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

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 86% of accounts receivable at June 30, 2014 were from the Council’s two largest funding sources. Approximately 98% of accounts receivable at June 30, 2013 were from the Council’s three largest funding sources.

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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, 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
<u>June 30, 2013</u>		
Mutual funds		
Balanced funds	\$ 37,003	\$ 37,003
Mid-cap growth funds	10,774	10,774
International funds	17,009	17,009
Income funds	42,608	42,608
Total	\$ 107,394	\$ 107,394

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value as of June 30, 2013:

	2013
Balance, beginning	\$ 25,430
Initial purchase	-
Additional purchases through income reinvestment	901
Realized gains	5,266
Sale of investments	(31,597)
Balance, ending	\$ -

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

**NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

Note 3. Land, Buildings, and Equipment

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

	Estimated Useful Life	2014	2013
Land		\$ 201,600	\$ 201,600
Building	39 years	175,223	175,223
Building improvements	39 years	74,793	64,233
Communications equipment	5-10 years	68,229	68,229
Office equipment	5-10 years	41,232	41,232
Miscellaneous equipment	5-10 years	321,714	321,714
Generator building and equipment	15-20 years	16,672	11,402
		899,463	883,633
Less accumulated depreciation		(342,765)	(308,165)
		\$ 556,698	\$ 575,468

Note 4. 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, 2014 and 2013, the amount due from the grantor was \$72,493 and \$125,945 representing 30% and 42% of accounts receivable at June 30, 2014 and 2013, respectively.

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

**NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

Note 5. Local Government Support

Local government support received by the Council is as follows:

	<u>2014</u>	<u>2013</u>
City of Roanoke	\$ 14,105	\$ 14,100
County of Roanoke	13,922	13,922
County of Montgomery	13,111	13,111
County of Pittsylvania	10,792	10,792
County of Franklin	9,800	9,800
City of Danville	9,060	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	5,973	5,973
County of Patrick	5,278	5,278
County of Alleghany	4,992	4,992
County of Giles	4,958	4,958
City of Martinsville	4,758	4,758
City of Radford	4,816	4,816
County of Floyd	3,506	3,506
City of Covington	3,571	3,571
County of Craig	3,103	3,103
	<u>\$ 133,337</u>	<u>\$ 133,332</u>

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. Functional Allocation of Expenses

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)
	<u>\$ 1,175,921</u>	<u>\$ 260,387</u>	<u>\$ 1,436,308</u>

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

**NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

Note 6. Functional Allocation of Expenses (Continued)

Expenses incurred were:

	2013		
	Program Services	Management and General	Total
Salaries	\$ 206,595	\$ 161,180	\$ 367,775
NSPA Expenses	377,000	-	377,000
VHHA Expenses	163,639	-	163,639
Contracts for services	66,722	-	66,722
Payroll tax and employee benefits	72,857	38,562	111,419
Salaries – education and testing	45,568	-	45,568
MRC expenses	49,070	-	49,070
BREMS – MRC support expenses	9,471	-	9,471
CBA expenses	8,005	-	8,005
Special projects	30,215	-	30,215
Supplies and equipment	11,364	7,472	18,836
Depreciation	-	26,536	26,536
Utilities	18,662	-	18,662
Maintenance and repairs	14,613	-	14,613
Travel, mileage, and lodging	12,946	2,399	15,345
Professional fees	12,230	-	12,230
Insurance	4,928	8,371	13,299
Telecommunications	6,753	5,881	12,634
Textbooks	11,176	-	11,176
Equipment rental	8,100	-	8,100
Staff development	3,483	2,190	5,673
Rent	5,563	-	5,563
Miscellaneous	40,171	-	40,171
Postage	1,245	729	1,974
Printing and publications	6,886	1,392	8,278
CISM conference and miscellaneous	2,947	-	2,947
Dues and membership	175	865	1,040
Inter-divisional rent	(15,000)	-	(15,000)
	<u>\$ 1,175,384</u>	<u>\$ 255,577</u>	<u>\$ 1,430,961</u>

WESTERN VIRGINIA EMERGENCY MEDICAL SERVICES COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 7. 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 \$39,129 and \$22,343 to the plan in 2014 and 2013, respectively.

Note 8. 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, 2014 and 2013, the accrual for compensated balances was \$30,796 and \$29,699, respectively, and is included in accrued expenses on the statement of financial position.

Note 9 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 10. Subsequent Events

Subsequent events were considered through December __, 2014, the date the financial statements were available to be issued.