

**CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL
EMERGENCY MEDICAL SERVICES**

Financial Report

December 31, 2010 and 2009

CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL EMERGENCY MEDICAL SERVICES

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Independent Auditor's Report

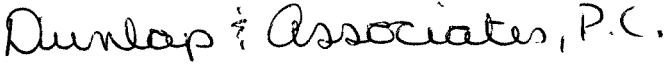
To the Board of Directors
Chalfont Emergency Medical Services, Inc.
d/b/a Chal-Brit Regional Emergency Medical Services
Chalfont, Pennsylvania

We have audited the accompanying statements of financial position of the Chalfont Emergency Medical Services, Inc. d/b/a Chal-Brit Regional Emergency Medical Services as of December 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chalfont Emergency Medical Services, Inc. d/b/a Chal-Brit Regional Emergency Medical Services as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 9 to the financial statements, the EMS has restated the 2009 financial statements to properly reflect deferred revenue from the subscription mailing.


DUNLAP & ASSOCIATES, P.C.

Chalfont, Pa.
September 6, 2011



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CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL EMERGENCY MEDICAL SERVICES
Statements of Financial Position
December 31, 2010 and 2009

Assets	<u>2010</u>	<u>2009</u> (as Restated)
Current Assets		
Cash	\$ 486,144	\$ 513,270
Accounts Receivable, Net of Allowance for Uncollectible		
Accounts 2010; \$158,000 2009; \$235,000	256,498	276,081
Promises to Give	1,666	1,667
Joint Fundraising Receivable	2,000	4,001
Prepaid Expenses	6,286	6,926
Total Current Assets	<u>752,594</u>	<u>801,945</u>
Property and Equipment		
Building	602,544	601,294
Ambulances	247,324	247,324
Radios and Equipment	165,336	151,702
	<u>1,015,204</u>	<u>1,000,320</u>
Less Accumulated Depreciation	(201,355)	(148,098)
Net Property and Equipment	<u>813,849</u>	<u>852,222</u>
Other Asset		
Promises to Give	1,498	2,906
Total Assets	<u><u>\$ 1,567,941</u></u>	<u><u>\$ 1,657,073</u></u>

See Notes to Financial Statements.

CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL EMERGENCY MEDICAL SERVICES
Statements of Financial Position
December 31, 2010 and 2009

	2010	2009 (as Restated)
Liabilities and Net Assets		
Current Liabilities		
Current Portion of Long-Term Notes	\$ 12,525	\$ 56,329
Accounts Payable	5,571	1,713
Accrued Expenses	14,313	10,780
Deferred Revenue	39,830	53,318
Total Current Liabilities	72,239	122,140
Long-Term Liabilities		
Notes Payable	561,375	623,845
Total Liabilities	633,614	745,985
Net Assets		
Unrestricted		
Designated	87,047	170,389
Undesignated	832,016	735,699
Total Unrestricted Net Assets	919,063	906,088
Temporarily Restricted	15,264	5,000
Total Net Assets	934,327	911,088
Total Liabilities and Net Assets	\$ 1,567,941	\$ 1,657,073

See Notes to Financial Statements.

CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL EMERGENCY MEDICAL SERVICES
Statements of Activities
Years Ended December 31, 2010 and 2009

	2010		
	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Ambulance Service	\$ 494,055	\$ 0	\$ 494,055
Municipal Support	170,999	0	170,999
Memberships	93,323	0	93,323
Interest Income	3,133	0	3,133
Fire Company Subsidy	0	0	0
Grants	1,815	10,264	12,079
Donations	12,267	0	12,267
Other Income	3,352	0	3,352
Total Support and Revenue	<u>778,944</u>	<u>10,264</u>	<u>789,208</u>
Expenses			
Program Services	740,687	0	740,687
Support Services			
General and Administrative	25,092	0	25,092
Fundraising	190	0	190
Total Expenses	<u>765,969</u>	<u>0</u>	<u>765,969</u>
Increase in Net Assets	12,975	10,264	23,239
Other Increases (Decreases) in Net Assets			
Loss on Disposal of Equipment	<u>0</u>	<u>0</u>	<u>0</u>
Increase in Net Assets	12,975	10,264	23,239
Net Assets			
Beginning of Year, as Restated	<u>906,088</u>	<u>5,000</u>	<u>911,088</u>
End of Year	<u>\$ 919,063</u>	<u>\$ 15,264</u>	<u>\$ 934,327</u>

See Notes to Financial Statements.

2009 (as Restated)		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 501,228	\$ 0	\$ 501,228
164,635	0	164,635
98,341	0	98,341
5,380	0	5,380
35,000	0	35,000
53,847	5,000	58,847
14,206	0	14,206
1,311	0	1,311
<u>873,948</u>	<u>5,000</u>	<u>878,948</u>
694,289	0	694,289
28,022	0	28,022
96	0	96
<u>722,407</u>	<u>0</u>	<u>722,407</u>
151,541	5,000	156,541
(730)	0	(730)
150,811	5,000	155,811
<u>755,277</u>	<u>0</u>	<u>755,277</u>
<u>\$ 906,088</u>	<u>\$ 5,000</u>	<u>\$ 911,088</u>

CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL EMERGENCY MEDICAL SERVICES
Statements of Functional Expenses
Years Ended December 31, 2010 and 2009

	2010			
	Program Services	Management and General	Fundraising	Totals
Salaries	\$ 387,312	\$ 9,420	\$ 0	\$ 396,732
Insurance	80,785	0	0	80,785
Bad Debts	67,769	0	0	67,769
Depreciation	52,045	1,610	0	53,655
Interest	37,232	0	0	37,232
Payroll Taxes	32,649	720	0	33,369
Repairs and Maintenance	20,802	0	0	20,802
Administration Services	12,803	0	0	12,803
Utilities	9,585	296	0	9,881
Membership Billing	8,890	0	0	8,890
Telephone	8,194	253	0	8,447
Accounting	0	7,794	0	7,794
Vehicle Fuel	7,344	0	0	7,344
Medical Supplies	6,678	0	0	6,678
Miscellaneous	3,642	200	0	3,842
Office Supplies	0	3,214	0	3,214
Uniforms	3,054	0	0	3,054
Legal	0	1,103	0	1,103
Conferences and Training	759	0	0	759
Operations	661	0	0	661
Taxes and Licenses	483	0	0	483
Postage and Delivery	0	260	0	260
Bank Charges	0	222	0	222
Advertising	0	0	190	190
Dues and Subscriptions	0	0	0	0
	0	0	0	0
Total Expenses	\$ 740,687	\$ 25,092	\$ 190	\$ 765,969

See Notes to Financial Statements.

2009

<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
\$ 378,913	\$ 6,472	\$ 0	\$ 385,385
59,072	0	0	59,072
45,000	0	0	45,000
51,432	1,591	0	53,023
42,656	0	0	42,656
31,637	495	0	32,132
20,367	0	0	20,367
14,554	0	0	14,554
8,069	250	0	8,319
6,752	0	0	6,752
6,906	214	0	7,120
0	8,828	0	8,828
5,346	0	0	5,346
7,761	0	0	7,761
6,175	0	0	6,175
0	4,304	0	4,304
3,759	0	0	3,759
0	3,505	0	3,505
395	0	0	395
4,523	0	0	4,523
615	0	0	615
0	2,283	0	2,283
0	80	0	80
0	0	96	96
357	0	0	357
<u>\$ 694,289</u>	<u>\$ 28,022</u>	<u>\$ 96</u>	<u>\$ 722,407</u>

CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL EMERGENCY MEDICAL SERVICES
Statements of Cash Flows
Years Ended December 31, 2010 and 2009

	2010	2009 (as Restated)
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 23,239	\$ 155,811
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	53,655	53,023
Loss on Disposal of Equipment	0	730
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	19,583	(38,895)
Promises to Give	1,409	(4,573)
Joint Fundraising Receivable	2,001	(3,445)
Prepaid Expenses	640	(1,297)
Increase (Decrease) in:		
Accounts Payable	3,858	(307)
Accrued Expenses	3,533	(8,110)
Deferred Revenue	(13,488)	8,295
Net Cash Provided by Operating Activities	94,430	161,232
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(15,282)	(47,558)
Cash Flows from Financing Activities		
Principal Payments on Long-Term Notes	(106,274)	(52,768)
Net Increase (Decrease) in Cash	(27,126)	60,906
Cash		
Beginning	513,270	452,364
Ending	\$ 486,144	\$ 513,270
Supplemental Disclosures of Cash Flow Information		
Interest Paid	\$ 37,232	42,656

See Notes to Financial Statements.

CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL EMERGENCY MEDICAL SERVICES
Notes to Financial Statements
December 31, 2010 and 2009

1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

Chalfont Emergency Medical Services, Inc., (Organization) headquartered in New Britain Township, Bucks County, Pennsylvania, provides emergency medical care and educational services to its area of responsibility, which is concentrated in Bucks County. The Organization formerly operated under the Chalfont Chemical Fire Engine Company No. 1, but reformed after a court-ordered separation from the fire company on January 1, 2007. The Organization is also operating under the name of Chal-Brit Regional Emergency Medical Services. The revenues of the Organization are provided by ambulance service revenue, municipal support, public memberships, and investment income.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

The Organization follows accounting standards that establish standards for external financial statement reporting and requires the assets be classified into three net asset categories in accordance with any donor-imposed restrictions.

The following is a description of the three net asset categories:

Unrestricted Net Assets - Represents resources received by the Organization for which no donor-imposed restriction is applicable.

Temporarily Restricted Net Assets - Represents gifts and grants for which donor-imposed use or time restrictions have not been met.

Permanently Restricted Net Assets - Represents gifts received by the Organization with donor restrictions that the corpus of the contribution remain in perpetuity. The Organization had no permanently restricted net assets at December 31, 2010 and 2009, and during the years then ended.

Use of Estimates

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL EMERGENCY MEDICAL SERVICES
Notes to Financial Statements
December 31, 2010 and 2009

1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Cash

The Organization maintains its cash accounts in several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of patients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided generally on a straight-line basis over the estimated service lives of the respective classes of property. The estimated useful lives of depreciable assets are:

Classifications	Years
Building	40
Ambulances	10
Radio and Equipment	3-10

Program Service Revenues and Allowances

Program service revenues are accounted for at established rates on the accrual basis in the period during which the service is provided. Appropriate allowances giving recognition to third-party arrangements are also accounted for on an accrual basis. Deferred revenue is recognized for the portion of the membership fees attributable to the following year.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL EMERGENCY MEDICAL SERVICES
Notes to Financial Statements
December 31, 2010 and 2009

1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Allocation of Expenses

The costs of providing the various programs and supporting activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting activities.

Income Tax Status

The Organization is qualified as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, there is no provision for federal or state income taxes.

The Organization accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2010 and 2009.

The Organization's Forms 990, *Federal Return of Organizations Exempt from Income Tax*, for the years ended December 31, 2007 through December 31, 2010, remain subject to examination by the Internal Revenue Service.

2. Promises to Give

Promises to give consisted of the following:

	<u>2010</u>	<u>2009</u>
Due in Less Than One Year	\$ 1,666	\$ 1,667
Due in One to Five Years	1,667	3,333
	<u>3,333</u>	<u>5,000</u>
Less Discount to Net Present Value	<u>(169)</u>	<u>(427)</u>
	3,164	4,573
Less Current Portion	<u>(1,666)</u>	<u>(1,667)</u>
Long-Term Portion	<u>\$ 1,498</u>	<u>\$ 2,906</u>

CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL EMERGENCY MEDICAL SERVICES
Notes to Financial Statements
December 31, 2010 and 2009

3. Property and Equipment

At December 31, 2010 and 2009, property and equipment is detailed as follows:

	Cost 12/31/10	Depreciation 2010	Accumulated Depreciation 12/31/10	2010 Net Book Value	2009 Net Book Value
Building	\$ 602,544	\$ 15,300	\$ 40,424	\$ 562,120	\$ 576,170
Vehicles	247,324	13,622	83,421	163,903	177,127
Equipment	165,336	24,733	77,510	87,826	98,925
	<u>\$ 1,015,204</u>	<u>\$ 53,655</u>	<u>\$ 201,355</u>	<u>\$ 813,849</u>	<u>\$ 852,222</u>

4. Notes Payable

Note Payable – Building

In January 2008, the Organization entered into a construction loan with First Savings Bank of Perkasio for \$600,000. The loan was an interest-only loan for six months and is followed by a 25-year amortization. The interest rate of the loan is fixed at 6.125% per annum for five years from the date of the note. Thereafter, the rate will adjust to either a variable rate based on the New York Prime Rate or a negotiated fixed rate for up to five years. The date of the first interest rate reset is January 1, 2013. The note is secured by real estate. At December 31, 2010 and 2009, the outstanding balance on this loan was \$573,900 and \$589,252, respectively.

Aggregate maturities of this note payable are as follows:

Year Ending December 31,	Amount
2011	\$ 12,525
2012	13,314
2013	14,153
2014	15,045
2015	15,992
2016 and Thereafter	<u>502,871</u>
	<u>\$ 573,900</u>

CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL EMERGENCY MEDICAL SERVICES
Notes to Financial Statements
December 31, 2010 and 2009

4. Notes Payable (Continued)

Note Payable – Ambulance

In November 2008, the Organization executed a loan with First Savings Bank of Perkasio for \$133,000. This loan was for the purchase of a 2008 Ford Ambulance. The loan was payable over three years at an interest rate of 4.95% per annum. This loan was paid off in February 2010. At December 31, 2009, the outstanding balance on this loan was \$90,922.

5. Designated Unrestricted Net Assets

The Board of Directors has designated \$87,047 and \$170,389 of the unrestricted net assets balance held at December 31, 2010 and 2009, respectively, for ambulance-designated debt service and the replacement of an ambulance in the future.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

	2010	2009
Strike Team	\$ 10,000	\$ 5,000
Debt Reduction	5,264	0
Total	\$ 15,264	\$ 5,000

7. Land Lease

The Organization's building is located on land owned by New Britain Township and leased for \$1 per year. The lease runs for 20 years ending in 2027, with three additional three-year renewal terms unless either party provides three month's notice of termination.

8. Related Party Transactions

Contributions

As a part of the court-ordered settlement, the fire company was required to pay the Organization \$35,000 a year for three years as a launching subsidy payment, with the last payment being paid in 2009.

CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL EMERGENCY MEDICAL SERVICES
Notes to Financial Statements
December 31, 2010 and 2009

8. Related Party Transactions (Continued)

Joint Fundraising Alliance

The Organization is part of an alliance agreement with the Chalfont Chemical Fire Engine Co. No. 1 to raise monies for the building funds of both the EMS and the Fire Company. The purpose of the alliance is to plan, supervise, and facilitate a community awareness program and various community activities in support of fundraising, and to solicit funds from both private and corporate donors. The term of the agreement is three years, beginning on January 1, 2008, and ending on December 31, 2010. The monies are being allocated by the ratio of 33.33% to the Chalfont Emergency Medical Services and 66.66% to the Chalfont Chemical Fire Engine Company No. 1. The proceeds of the account at December 31, 2010, will be distributed based upon the ratio on or about February 15, 2011. The portion of the joint fundraising account allocated to the Chalfont Emergency Medical Services through December 31, 2010 and 2009, was \$6,001 and \$4,001, respectively.

9. Restatement of Prior Year Unrestricted Net Assets

The net assets were restated at the beginning of 2010 as well as 2009 to properly reflect deferred revenue from the membership billing which runs on a June-to-June basis. Net assets at December 31, 2008 and 2009 were restated as follows:

Net Assets at December 31, 2008, as Previously Reported	\$ 800,300	
Adjustment to Record Deferred Revenue	<u>(45,023)</u>	
Net Assets at December 31, 2008, as Restated		\$ 755,277
Change in Net Assets for the Year Ended December 31, 2009, as Previously Reported	164,106	
Adjustment to Record Deferred Revenue	<u>(8,295)</u>	
Net Change in Net Assets for the Year Ended December 31, 2009, as Restated		<u>155,811</u>
Net Assets at December 31, 2009, as Restated		<u>\$ 911,088</u>

10. Subsequent Events

Management has evaluated events and transactions that occurred after December 31, 2010, through September 6, 2011, the date the financial statements were available to be issued, and determined that, based upon such events and transactions, no adjustment to, or disclosure in the financial statements is required.