

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

Financial Report

December 31, 2008 and 2007

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, 2008 and 2007, 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, 2008 and 2007, 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.

Dunlap & Associates, P.C.
DUNLAP & ASSOCIATES, P.C.

Chalfont, Pa.
October 5, 2009



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CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL EMERGENCY MEDICAL SERVICES
Statements of Financial Position
December 31, 2008 and 2007

	2008	2007
Assets		
Current Assets		
Cash	\$ 452,364	\$ 347,636
Accounts Receivable, Net of Allowance for Uncollectible		
Accounts 2008: \$190,000 2007: \$109,000	237,186	275,652
Joint Fundraising Receivable	556	0
Prepaid Expenses	5,629	3,771
Total Current Assets	695,735	627,059
Property and Equipment		
Buildings	578,016	58,307
Trucks and Ambulances	247,324	144,344
Radios and Equipment	128,932	101,253
	954,272	303,904
Less Accumulated Depreciation	(95,855)	(90,210)
Net Property and Equipment	858,417	213,694
Total Assets	\$ 1,554,152	\$ 840,753
 Liabilities and Net Assets		
Current Liabilities		
Current Portion of Long-Term Debt	\$ 52,520	\$ 50,000
Accounts Payable	2,020	7,972
Accrued Expenses	18,890	15,568
Total Current Liabilities	73,430	73,540
Long-Term Liabilities		
Notes Payable	680,422	0
Total Liabilities	753,852	73,540
Net Assets		
Unrestricted		
Designated	167,875	0
Undesignated	632,425	767,213
Total Unrestricted Net Assets	800,300	767,213
Total Liabilities and Net Assets	\$ 1,554,152	\$ 840,753

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, 2008 and 2007

	2008	2007
Support and Revenue		
Ambulance Service	\$ 433,859	\$ 402,329
Municipal Support	150,285	111,234
Memberships	90,046	83,555
Interest Income	6,230	8,378
Fire Company Subsidy	35,000	35,000
Grants	31,061	0
Donations	5,491	2,620
Other Income	29	0
Total Support and Revenue	752,001	643,116
Expenses		
Program Services	675,985	521,898
Support Services		
General and Administrative	38,323	26,948
Fundraising	2,718	9,347
Total Expenses	717,026	558,193
Increase in Net Assets Before Transfer of Assets	34,975	84,923
Other Increases (Decreases) in Net Assets		
Transfer of Assets from Separation Agreement	0	692,139
Loss on Disposal of Equipment and Vehicles	(1,888)	(9,849)
Total Other Increases (Decreases) in Net Assets	(1,888)	682,290
Increase in Net Assets	33,087	767,213
Net Assets		
Beginning of Year	767,213	0
End of Year	\$ 800,300	\$ 767,213

See Notes to Financial Statements.

CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL EMERGENCY MEDICAL SERVICES
Statements of Functional Expenses
Years Ended December 31, 2008 and 2007

	2008			
	Program Services	Management and General	Fundraising	Totals
Salaries	\$ 339,658	\$ 3,584	\$ 0	\$ 343,242
Bad Debts Expense	81,000	0	0	81,000
Insurance	66,764	0	0	66,764
Depreciation Expense	34,137	1,056	0	35,193
Payroll Taxes	30,930	274	0	31,204
Repairs and Maintenance	31,090	0	0	31,090
Interest Expense	26,204	0	0	26,204
Accounting	0	18,617	0	18,617
Administration Services	13,417	0	0	13,417
Vehicle Fuel	11,572	0	0	11,572
Rent	10,000	0	0	10,000
Utilities	9,577	296	0	9,873
Office Supplies	0	7,370	0	7,370
Membership Billing	6,878	0	0	6,878
Legal	0	5,310	0	5,310
Telephone	4,668	144	0	4,812
Operations	4,264	0	0	4,264
Miscellaneous	2,561	0	0	2,561
Uniforms	1,898	0	0	1,898
Fundraising Expense	0	0	1,216	1,216
Subscriptions	0	0	1,106	1,106
Postage and Delivery	0	880	0	880
Medical Supplies	806	0	0	806
Bank Charges	0	792	0	792
Conferences and Training	512	0	0	512
Advertising	0	0	396	396
Taxes and Licenses	49	0	0	49
Dues and Subscriptions	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	<u>\$ 675,985</u>	<u>\$ 38,323</u>	<u>\$ 2,718</u>	<u>\$ 717,026</u>

See Notes to Financial Statements.

2007

Program Services	Management and General	Fundraising	Totals
\$ 308,587	\$ 1,798	\$ 0	\$ 310,385
26,000	0	0	26,000
58,070	0	0	58,070
22,990	0	0	22,990
25,786	138	0	25,924
8,450	0	0	8,450
0	0	0	0
0	7,002	0	7,002
12,159	0	0	12,159
5,598	0	0	5,598
24,000	0	0	24,000
3,947	0	0	3,947
0	2,788	0	2,788
3,727	0	0	3,727
0	14,958	0	14,958
3,776	0	0	3,776
0	0	0	0
882	0	0	882
159	0	0	159
0	0	0	0
0	0	3,119	3,119
0	0	0	0
16,678	0	0	16,678
0	264	0	264
624	0	0	624
0	0	6,228	6,228
165	0	0	165
300	0	0	300
<u>\$ 521,898</u>	<u>\$ 26,948</u>	<u>\$ 9,347</u>	<u>\$ 558,193</u>

CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL EMERGENCY MEDICAL SERVICES
Statements of Cash Flows
Years Ended December 31, 2008 and 2007

	2008	2007
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 33,087	\$ 767,213
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	35,193	22,990
Loss on Sale of Equipment	1,888	9,849
Transfer of Assets from Separation Agreement	0	(692,139)
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	38,466	(80,550)
Joint Fundraising Receivable	(556)	0
Prepaid Expenses	(1,858)	(3,771)
Increase (Decrease) in:		
Accounts Payable	(5,952)	7,972
Accrued Expenses	3,322	15,568
Net Cash Provided by Operating Activities	103,590	47,132
Cash Flows from Investing Activities		
Proceeds from Sale of Property and Equipment	200	12,400
Purchase of Property and Equipment	(682,004)	(93,469)
Net Cash Used in Investing Activities	(681,804)	(81,069)
Cash Flows from Financing Activities		
Cash Transferred from Separation Agreement	0	331,573
Proceeds from Note Payable	682,942	50,000
Net Cash Provided by Financing Activities	682,942	381,573
Net Increase in Cash	104,728	347,636
Cash		
Beginning	347,636	0
Ending	\$ 452,364	\$ 347,636
Supplemental Disclosures of Cash Flow Information		
Interest Paid	\$ 26,204	\$ 0
Noncash Transfer of Assets	\$ 0	\$ 360,566

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, 2008 and 2007

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 support, investment income, and through various fund raising activities.

Basis of Accounting

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

The Organization follows Statement of Financial Accounting Standard No. 117, *Financial Statements of Not-for-Profit Organizations*. Standard No. 117 establishes 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. Pledges Receivable, if any, is also classified in this category. The Organization had no temporarily restricted net assets at December 31, 2008 and 2007, and during the year then ended.

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, 2008 and 2007, and during the year then ended.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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, 2008 and 2007

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. The Organization 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 service lives of vehicles and equipment are five to ten years. Fully depreciated assets still in service are included in the property accounts.

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.

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 Activity. 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.

CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL EMERGENCY MEDICAL SERVICES
Notes to Financial Statements
December 31, 2008 and 2007

2. Property and Equipment

Property and Equipment at December 31, 2008 and 2007, is detailed as follows:

	Cost 12/31/08	Depreciation 2008	Accumulated Depreciation 12/31/08	2008 Net Book Value	2007 Net Book Value
Buildings	\$ 578,016	\$ 10,159	\$ 10,182	\$ 567,834	\$ 58,307
Vehicles	247,324	15,127	28,045	219,279	106,331
Equipment	128,932	9,856	57,628	71,304	49,056
	<u>\$ 954,272</u>	<u>\$ 35,142</u>	<u>\$ 95,855</u>	<u>\$ 858,417</u>	<u>\$ 213,694</u>

3. Notes Payable

Note Payable – Building

In December 2007, the Organization executed a \$50,000 short-term loan with First Savings Bank of Perkasio. This loan was executed so that the required funds were available to make the first down payment on the construction of the new building. In January 2008, the \$50,000 loan was rolled over into a construction loan with First Savings Bank of Perkasio. The Organization can borrow on the loan up to \$600,000. The loan is an interest-only loan for six months followed by a 25-year amortization. The interest rate of the loan is to be fixed at 6.125% 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. At December 31, 2008 and 2007, the balance on the construction loan was \$599,942 and \$50,000, respectively.

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 is payable over three years at an interest rate of 4.95%. At December 31, 2008 and 2007, the balance on this loan was \$133,000 and \$0, respectively.

CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL EMERGENCY MEDICAL SERVICES
Notes to Financial Statements
December 31, 2008 and 2007

3. Notes Payable (Continued)

Aggregate maturities on these notes are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2009	\$ 52,520
2010	55,890
2011	59,344
2012	13,074
2013	18,069
2014 & Thereafter	<u>534,045</u>
	<u>\$ 732,942</u>

4. Designated Unrestricted Net Assets

The Board of Directors has designated \$167,875 of the unrestricted net assets balance for the ambulance and the replacement of an ambulance in the future.

5. Related Party Transactions

Organization Facilities and Rent

The Organization used the Chalfont Chemical Fire Engine Company No. 1 facility during 2007 and five months of 2008. The Organization paid the fire company \$2,000 a month in rent and also reimbursed the fire company for its share of utilities. Rent expense for the years ended December 31, 2008 and 2007, was \$10,000 and \$24,000, respectively, and utilities were \$9,873 and \$3,254, respectively.

Contributions

As a part of the court-ordered settlement, the fire company is required to pay the Organization \$35,000 a year for three years as a launching subsidy payment, which was paid in both 2008 and 2007.

CHALFONT EMERGENCY MEDICAL SERVICES, INC.
d/b/a CHAL-BRIT REGIONAL EMERGENCY MEDICAL SERVICES
Notes to Financial Statements
December 31, 2008 and 2007

5. 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 at December 31, 2008, was \$2,056.

6. Transfer of Assets

As of January 1, 2007, the following assets were transferred to the Organization as a result of the court-ordered separation from the fire company:

Cash	\$ 331,573
Accounts Receivable, Net of Allowance for Doubtful Accounts	195,102
Property and Equipment, Less Accumulated Depreciation	<u>165,464</u>
	<u>\$ 692,139</u>