

**YOE FIRE COMPANY AMBULANCE
SERVICE, INC.**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors
Yoe Fire Company Ambulance Service, Inc.
Yoe, Pennsylvania

We have audited the accompanying statement of assets, liabilities and net assets – modified cash basis of Yoe Fire Company Ambulance Service, Inc. (a non-profit corporation) as of December 31, 2008, and the related statements of revenue and expenses and changes in net assets – modified cash basis and cash flows – modified cash basis for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of December 31, 2007, were audited by Dotzel & Company, Inc., who merged with SF&Company effective December 31, 2008, and whose report dated August 19, 2008 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 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 audit provides a reasonable basis for our opinion.

As described in Note A, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yoe Fire Company Ambulance Service, Inc. as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended on the basis of accounting described in Note A.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses on pages 12 and 13 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

SJ & Company

May 22, 2009

YOE FIRE COMPANY AMBULANCE SERVICE, INC.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS
DECEMBER 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
ASSETS:		
Cash	\$ 397,568	\$ 447,037
Buildings and improvements	369,394	369,394
Leasehold improvements	10,634	0
Equipment	199,281	197,639
Ambulances	464,739	335,142
Less: Accumulated depreciation	(579,288)	(473,217)
<u>Total Assets</u>	<u>\$ 862,328</u>	<u>\$ 875,995</u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Payroll taxes withheld	\$ 15,507	\$ 454
Long term debt	<u>113,888</u>	<u>189,872</u>
<u>Total Liabilities</u>	129,395	190,326
NET ASSETS:		
Unrestricted	<u>732,933</u>	<u>685,669</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 862,328</u>	<u>\$ 875,995</u>

See accompanying notes.

YOE FIRE COMPANY AMBULANCE SERVICE, INC.
STATEMENTS OF REVENUE AND EXPENSES
AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
REVENUE:		
EMS billing	\$ 898,036	\$ 766,552
Sports stand-bys	6,060	6,805
York Township allocation	41,295	40,092
Dallastown Borough allocation	6,078	6,013
Windsor Township allocation	38,588	38,588
Yoe Borough allocation	5,000	5,000
General public donations	11,780	177,361
Grants	34,036	0
Subscription fees	141,206	133,700
Miscellaneous revenue	737	97
Interest income	14,372	20,277
Yoe Fire Department manager reimbursement	4,897	4,807
Yoe Fire Department fire apparatus operator reimbursement	<u>33,422</u>	<u>35,374</u>
Total revenue	<u>1,235,507</u>	<u>1,234,666</u>
EXPENSES:		
Program service:		
Emergency medical services	1,001,303	809,220
Supporting services:		
Management and general	180,150	162,785
Fundraising	<u>6,790</u>	<u>3,792</u>
Total expenses	<u>1,188,243</u>	<u>975,797</u>
CHANGE IN NET ASSETS	47,264	258,869
NET ASSETS – JANUARY 1	<u>685,669</u>	<u>426,800</u>
NET ASSETS – DECEMBER 31	<u>\$ 732,933</u>	<u>\$ 685,669</u>

See accompanying notes.

YOE FIRE COMPANY AMBULANCE SERVICE, INC.
STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 47,264	\$ 258,869
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	122,006	76,017
Loss on sale of equipment	545	3,141
Increase (decrease) in operating liabilities:		
Payroll taxes withheld	<u>15,054</u>	<u>(1,559)</u>
Net cash provided by operating activities	<u>184,869</u>	<u>336,468</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(109,090)	(82,606)
Proceeds from sale of property and equipment	<u>736</u>	<u>0</u>
Net cash used in investing activities	<u>(108,354)</u>	<u>(82,606)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	<u>(125,984)</u>	<u>(40,379)</u>
Net cash used in financing activities	<u>(125,984)</u>	<u>(40,379)</u>
NET INCREASE (DECREASE) IN CASH	(49,469)	213,483
CASH - JANUARY 1	<u>447,037</u>	<u>233,554</u>
CASH - DECEMBER 31	<u>\$ 397,568</u>	<u>\$ 447,037</u>
SUPPLEMENTAL DISCLOSURES		
Noncash investing and financing transaction		
Purchase of ambulance		
Ambulance (total cost \$134,597)	\$ 50,000	0
Note payable	(50,000)	0

See accompanying notes.

YOE FIRE COMPANY AMBULANCE SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the significant accounting policies of Yoe Fire Company Ambulance Service, Inc. is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who are responsible for their integrity and objectivity.

Organization

Yoe Fire Company Ambulance Service, Inc. is a nonprofit corporation that was formed in October 1972 and incorporated in March 1978. Its main charitable purpose is to provide emergency ambulance service within Yoe Borough, Dallastown Borough, Windsor Township and York Township, York County, Pennsylvania.

Basis of Accounting

The records of the Organization are maintained on the modified cash-basis of accounting and the accompanying statements have been prepared on that basis. All cash transactions are recognized as either revenue or expenses. Noncash transactions except depreciation are not recognized. The modified cash-basis differs from generally accepted accounting principles primarily because certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred.

Contributions

The Organization records contributions and grants when received.

Contributed Services

Many individuals volunteer their time to help the Organization with its emergency ambulance service. During the years ended December 31, 2008 and 2007, the Organization received over 1,808 volunteer hours that have not been recorded in the Statement of Revenue, Expenses and Changes in Net Assets – Modified Cash Basis.

Property and Equipment

Property and equipment is valued at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Expenditures for repairs and maintenance are expensed when incurred. Estimated useful life has been defined for the various fixed assets as follows:

	<u>Years</u>
Buildings and improvements	31 – 39
Leasehold improvements	15 – 39
Equipment	5 – 12
Ambulances	5

YOE FIRE COMPANY AMBULANCE SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is qualified as an exempt organization under Section 501(c)(3) and qualified to be a publicly supported organization under Sections 509 (a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code and is not subject to federal or state income tax.

Use of Estimates

The preparation of financial statements in accordance with the modified cash-basis of accounting requires management to make estimates and assumptions that affect financial statement amounts and disclosures. Actual results could differ from those estimates and assumptions.

Functional Expenses

The costs of providing program services, management and general, and fund-raising and other activities have been summarized on a functional basis in the Schedule of Functional Expenses. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefited. Functional expenses are allocated to programs and supporting services based on specific identification and/or guidelines established by the management of Yoe Fire Company Ambulance Service, Inc.

NOTE B – CASH

The Organization held the following cash accounts as of December 31:

	<u>2008</u>	<u>2007</u>
<u>Susquehanna Bank:</u>		
Checking account	\$ 8,159	\$ 19,760
Savings account	80,000	120,000
Certificate of deposit	100,658	102,960
Certificate of deposit	0	104,317
 <u>Peoples Bank:</u>		
Certificate of deposit	<u>208,751</u>	<u>100,000</u>
 Totals	<u>\$ 397,568</u>	<u>\$ 447,037</u>

The Organization maintains its cash balances at several financial institutions located in South Central Pennsylvania. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 as of December 31, 2008 and up to \$100,000 as of December 31, 2007. At December 31, 2008 and 2007, the Company had \$0 and \$255,026, respectively, of uninsured cash balances.

YOE FIRE COMPANY AMBULANCE SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE C – LONG TERM DEBT

Notes payable as of December 31 consisted of the following:

	<u>2008</u>	<u>2007</u>
Note payable – PEMA Loan	\$ 26,541	\$ 30,541
<p>Represents a 10 year term loan bearing interest at 2%. Equal monthly installments of \$381.52 are required from March, 2005 through February, 2015. The note is collateralized by a lien against the title to the 2003 Horton Ambulance.</p>		
Note payable – PEMA Loan	39,998	44,668
<p>Represents a 10 year term loan bearing interest at 2%. Equal monthly installments of \$460.07 are required from November, 2006 through October, 2016. The note is collateralized by a lien against the title to the 2006 Braun Ambulance.</p>		
Note payable – Peoples Bank	0	114,662
<p>Represents a 5 year term loan bearing interest at 5.7%. Loan is held jointly with Yoe Fire Company No. 1. Equal monthly installments of \$2,850.35 are required from October 2003 through October 2008. This is the total monthly installment due from both organizations combined. The note is collateralized by a lien against the building.</p>		
Note payable – PEMA Loan	47,349	0
<p>Represents a 10 year term loan bearing interest at 2%. Equal monthly installments of \$460.07 are required from April, 2008 through May, 2018. The note is collateralized by a lien against the title to the 2008 Marque Ambulance.</p>		
Totals	<u>\$ 113,888</u>	<u>\$ 189,872</u>

YOE FIRE COMPANY AMBULANCE SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE C – NOTES PAYABLE (Continued)

Aggregate maturities of the notes payable as of December 31 are as follows:

	Note Payable Horton <u>Ambulance</u>	Note Payable Braun <u>Ambulance</u>	Note Payable Marque <u>Ambulance</u>	<u>Total</u>
2009	\$ 4,085	\$ 4,764	\$ 4,616	\$ 13,465
2010	4,157	4,861	4,709	13,727
2011	4,251	4,959	4,804	14,014
2012	4,337	5,059	4,901	14,297
2013	4,425	5,161	5,000	14,586
Beyond	5,286	15,194	23,319	43,799
Totals	<u>\$ 26,541</u>	<u>\$ 39,998</u>	<u>\$ 47,349</u>	<u>\$ 113,888</u>

In 2009, the note payable for the Horton Ambulance was extinguished. Please see Note E.

Interest expense paid during fiscal year ended December 31, 2008 and 2007 was \$5,702 and \$9,429, respectively.

NOTE D – ALLOCATION OF JOINT COSTS

During the years ended December 31, 2008 and 2007, the Organization conducted activities that included appeals for subscriptions. These activities included direct mail campaigns and allowed subscribers to make an additional contribution. Half of the joint costs of informational material included in the appeal were reported as a fund raising expense since it could not be demonstrated that only a management function had been conducted in the appeal for subscriptions.

NOTE E – SUBSEQUENT EVENT

In 2009, the Organization recognized the need for an additional ambulance. The Organization obtains financing for ambulance purchases through the Commonwealth of PA. The Commonwealth allows only three open loans to the Organization. On April 15, 2009, the Organization paid \$25,209 to the Commonwealth to pay off the note for the Horton Ambulance. The Organization plans to obtain financing for a new ambulance.

On March 31, 2009, the Organization purchased a lot located at 2607 Course Road, York Township for \$190,000. The long-term plan of the Organization is to build an additional station. The Organization obtained financing for \$100,000 from People's Bank at an interest rate of 5.95% for five years with the loan rate becoming adjustable after that. Final payment is due no later than March 25, 2019.

YOE FIRE COMPANY AMBULANCE SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE F – RELATED PARTY

The Organization paid Yoe Fire Company No. 1, co-owner of the building and founding organization, \$20,500 and \$34,779, respectively, in shared expenses for the building for the years ended December 31, 2008 and 2007. The Organization received from Yoe Fire Company No. 1 \$33,422 and \$35,374, respectively, for Fire Apparatus Operator reimbursement and \$4,897 and \$4,807, respectively for shared manager reimbursement. The Organization also received \$0 and \$140, respectively, in pre-employment screening reimbursements. The building co-ownership and salary reimbursement are based on written agreements between both organizations.

NOTE G – PENSION PLAN

The Yoe Fire Company Ambulance Service, Inc. pension plan is a SIMPLE IRA. This plan covers all employees who have completed 90 days of service.

The Organization makes a contribution to the SIMPLE IRA monthly equal to 3% of all participants' regular compensation. Total expense for the year ended December 31, 2008 and 2007 was \$12,673 and \$12,580, respectively.

SUPPLEMENTAL INFORMATION

YOE FIRE COMPANY AMBULANCE SERVICE, INC
SCHEDULE OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2008

	2008			
	Program Services	Management & General	Fundraising	Total
Uniforms	\$ 10,475	\$ 0	\$ 0	\$ 10,475
Appreciation events/gifts	0	8,931	0	8,931
Volunteer incentive program	2,511	0	0	2,511
Accounting fees	0	11,630	0	11,630
Professional/legal fees	0	4,604	0	4,604
Physician medical director	9,000	0	0	9,000
Station 19 – rent	7,200	0	0	7,200
Post office box	0	170	0	170
Licenses and subscriptions	2,227	0	0	2,227
Professional fundraising fees	0	6,789	6,790	13,579
Advertising	0	1,226	0	1,226
Meals	0	1,220	0	1,220
Employee benefits	47,336	8,354	0	55,690
Employee wellness program	0	8,272	0	8,272
Employee health	5,063	0	0	5,063
Employee assistance program	0	544	0	544
Pre-employment screenings	0	191	0	191
Employer – Simple	10,772	1,901	0	12,673
Disposable medical supplies	49,354	0	0	49,354
Radio and pager	2,931	0	0	2,931
Oxygen expense	3,517	0	0	3,517
Phones – office/cell	2,083	2,083	0	4,166
Medical equipment maintenance repairs	3,697	0	0	3,697
Postage, mailing service	0	3,300	0	3,300
Building maintenance/repairs	0	15,594	0	15,594
Vehicle maintenance/repairs	20,766	0	0	20,766
Medical equipment purchase	406	0	0	406
Fuel	21,357	0	0	21,357
Printing	0	358	0	358
Office expense	0	12,482	0	12,482
EMSCharts.com user fee	4,620	0	0	4,620
Education/training	6,630	1,658	0	8,288
Interest expense	0	5,705	0	5,705
Payroll tax expense	46,971	8,289	0	55,260
Manager salary expense	15,979	37,286	0	53,265
Mileage reimbursement	496	1,156	0	1,652
EMS wages expense	540,594	0	0	540,594
FAO wages	27,112	0	0	27,112
Yoe Borough wages	4,398	0	0	4,398
Administrative assistant wages	0	8,265	0	8,265
Utilities	0	5,289	0	5,289
Insurance – vehicle and liability	9,916	1,749	0	11,665
Workers compensation insurance	39,478	6,967	0	46,445
Loss on disposal of assets	0	545	0	545
Depreciation	106,414	15,592	0	122,006
	<u>\$ 1,001,303</u>	<u>\$ 180,150</u>	<u>\$ 6,790</u>	<u>\$1,188,243</u>

YOE FIRE COMPANY AMBULANCE SERVICE, INC
SCHEDULE OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2007

	2007			
	Program Services	Management & General	Fundraising	Total
Uniforms	\$ 8,560	\$ 0	\$ 0	\$ 8,560
Appreciation events/gifts	0	22,939	0	22,939
Volunteer incentive program	2,012	0	0	2,012
Accounting fees	0	8,229	0	8,229
Professional/legal fees		1,622	0	1,622
Physician medical director	9,000	0	0	9,000
Station 19 – rent	3,600	0	0	3,600
Post office box	0	328	0	328
Licenses and subscriptions	1,125	0	0	1,125
Professional fundraising fees	0	3,792	3,792	7,584
Advertising	0	1,133	0	1,133
Meals	0	1,072	0	1,072
Employee benefits	25,720	2,858	0	28,578
Pre-employment screenings	0	4,615	0	4,615
Employer – Simple	11,322	1,258	0	12,580
Disposable medical supplies	40,269	0	0	40,269
Radio and pager	2,121	0	0	2,121
Phones – office/cell	2,252	1,502	0	3,754
Medical equipment maintenance repairs	4,812	0	0	4,812
Postage, mailing service	0	1,710	0	1,710
Building maintenance/repairs	0	13,456	0	13,456
Vehicle maintenance/repairs	19,230	0	0	19,230
Medical equipment purchase	6,746	0	0	6,746
Fuel	13,145	0	0	13,145
Printing	222	665	0	887
Office expense	0	19,232	0	19,232
Education/training	6,369	0	0	6,369
Interest expense	2,829	6,600	0	9,429
Penalties	0	578	0	578
Payroll tax expense	44,195	4,910	0	49,106
Manager salary expense	12,942	38,826	0	51,768
EMS wages expense	459,545	0	0	459,545
FAO wages	27,721	0	0	27,721
Utilities	0	5,634	0	5,634
Insurance – vehicle and liability	8,367	2,092	0	10,459
Workers compensation insurance	33,923	3,769	0	37,692
Loss on disposal of assets	0	3,141	0	3,141
Depreciation	63,193	12,824	0	76,017
	<u>\$ 809,220</u>	<u>\$ 162,785</u>	<u>\$ 3,792</u>	<u>\$ 975,797</u>