

**VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE**  
**FINANCIAL STATEMENTS**

*Years Ended March 31, 2022 and 2021*

# **VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE**

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**YEARS ENDED MARCH 31, 2022 AND 2021**

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## ***Independent Auditors' Report***

To the Board of Directors  
Volunteer Medical Service Corps of Lansdale  
Lansdale, Pennsylvania

### ***Opinion***

We have audited the financial statements of Volunteer Medical Service Corps of Lansdale, which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Volunteer Medical Service Corps of Lansdale as of March 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Volunteer Medical Service Corps of Lansdale and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Volunteer Medical Service Corps of Lansdale's ability to continue as a going concern for one year after the date that the financial statements are issued.

To the Board of Directors  
Volunteer Medical Service Corps of Lansdale  
Lansdale, Pennsylvania

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Volunteer Medical Service Corps of Lansdale's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Volunteer Medical Service Corps of Lansdale's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Maille LLP*

Limerick, Pennsylvania  
February 20, 2023

# VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE

## STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,166,779	\$ 1,042,995
Restricted cash	55,630	55,628
Other assets	1,030	1,030
Accounts receivable	474,934	270,521
Prepaid expenses	105,403	94,052
Investments at market, cost \$2,012,213 (2022) and \$1,958,520 (2021)	<u>2,573,975</u>	<u>2,535,588</u>
TOTAL CURRENT ASSETS	<u>4,377,751</u>	<u>3,999,814</u>
PROPERTY AND EQUIPMENT, net	<u>1,573,936</u>	<u>1,556,096</u>
TOTAL ASSETS	<u>\$ 5,951,687</u>	<u>\$ 5,555,910</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 119,096	\$ 100,477
Debt, current portion	<u>11,691</u>	<u>19,325</u>
TOTAL CURRENT LIABILITIES	<u>130,787</u>	<u>119,802</u>
LONG-TERM LIABILITIES		
Debt, net of current portion	<u>150,000</u>	<u>158,991</u>
TOTAL LIABILITIES	<u>280,787</u>	<u>278,793</u>
NET ASSETS		
Without donor restrictions	4,913,474	4,519,691
With donor restrictions	<u>757,426</u>	<u>757,426</u>
TOTAL NET ASSETS	<u>5,670,900</u>	<u>5,277,117</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,951,687</u>	<u>\$ 5,555,910</u>

See accompanying notes.

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# VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE

## STATEMENTS OF ACTIVITIES

YEARS ENDED MARCH 31, 2022 AND 2021

	2022		Totals
	Without Donor Restrictions	With Donor Restrictions	
REVENUES AND GAINS			
Membership campaign fees	\$ 389,766	\$ -	\$ 389,766
Net first aid and medical transport fees	2,951,982	-	2,951,982
Investment income	90,101	-	90,101
Donations and grants	111,398	21,683	133,081
Other	98,304	-	98,304
Net assets released from restrictions	21,683	(21,683)	-
TOTAL REVENUES AND GAINS (LOSSES)	<u>3,663,234</u>	<u>-</u>	<u>3,663,234</u>
EXPENSES			
First aid and medical transport	2,755,456	-	2,755,456
Management and general	457,207	-	457,207
Fund-raising	63,288	-	63,288
TOTAL EXPENSES	<u>3,275,951</u>	<u>-</u>	<u>3,275,951</u>
OTHER INCOME			
Gain on disposal of assets	6,500	-	6,500
PPP loan forgiveness	-	-	-
TOTAL OTHER INCOME	<u>6,500</u>	<u>-</u>	<u>6,500</u>
CHANGE IN NET ASSETS	393,783	-	393,783
NET ASSETS AT BEGINNING OF YEAR	<u>4,519,691</u>	<u>757,426</u>	<u>5,277,117</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,913,474</u>	<u>\$ 757,426</u>	<u>\$ 5,670,900</u>

See accompanying notes.

2021		
Without Donor Restrictions	With Donor Restrictions	Totals
\$ 401,063	\$ -	\$ 401,063
2,321,415	-	2,321,415
712,398	-	712,398
524,964	-	524,964
80,381	-	80,381
<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
<u>4,050,221</u>	<u>(10,000)</u>	<u>4,040,221</u>
2,523,022	-	2,523,022
397,445	-	397,445
59,245	-	59,245
<u>2,979,712</u>	<u>-</u>	<u>2,979,712</u>
57,000	-	57,000
387,940	-	387,940
<u>444,940</u>	<u>-</u>	<u>444,940</u>
1,515,449	(10,000)	1,505,449
<u>3,004,242</u>	<u>767,426</u>	<u>3,771,668</u>
<u>\$ 4,519,691</u>	<u>\$ 757,426</u>	<u>\$ 5,277,117</u>

# VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE

## STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED MARCH 31, 2022 AND 2021

	2022			Totals
	First Aid and Medical Transport	Supporting Services Management and General	Fund-Raising	
FUNCTIONAL EXPENSES				
Fleet operations	\$ 105,935	\$ -	\$ -	\$ 105,935
Building and facilities	66,289	7,366	-	73,655
EMS and medical supplies	90,355	-	-	90,355
Training	12,671	-	-	12,671
Uniforms	11,196	-	-	11,196
Communications	16,414	15,512	-	31,926
Subscription campaign	-	-	43,867	43,867
MIS/technology	13,504	13,504	-	27,008
Office expenses	-	22,323	-	22,323
Personnel health	1,543	-	-	1,543
Professional services	-	109,408	-	109,408
Salaries and benefits	1,915,510	268,183	18,838	2,202,531
Depreciation	253,296	1,787	-	255,083
Bad debt expense	14,586	-	-	14,586
Other operating costs	254,157	19,124	583	273,864
TOTAL FUNCTIONAL EXPENSES	\$ <u>2,755,456</u>	\$ <u>457,207</u>	\$ <u>63,288</u>	\$ <u>3,275,951</u>

See accompanying notes.

2021			
<u>Supporting Services</u>			
<u>First Aid and Medical Transport</u>	<u>Management and General</u>	<u>Fund-Raising</u>	<u>Totals</u>
\$ 109,331	\$ -	\$ -	\$ 109,331
54,413	6,046	-	60,459
135,952	-	-	135,952
6,092	-	-	6,092
4,840	-	-	4,840
13,311	14,550	-	27,861
-	-	40,729	40,729
11,498	11,498	-	22,996
-	20,612	-	20,612
480	-	-	480
-	108,207	-	108,207
1,760,955	216,706	18,201	1,995,862
179,882	757	-	180,639
25,699	-	-	25,699
<u>220,569</u>	<u>19,069</u>	<u>315</u>	<u>239,953</u>
<u>\$ 2,523,022</u>	<u>\$ 397,445</u>	<u>\$ 59,245</u>	<u>\$ 2,979,712</u>

# VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE

## STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 393,783	\$ 1,505,449
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	255,083	180,639
Gain on disposal of assets	(6,500)	(57,000)
Increase (decrease) in est. reserve for contract/allowance	9,177	(38,814)
Net unrealized loss (gain) on investments	16,452	(665,282)
Net realized gain on investments	(53,180)	(2,966)
(Increase) decrease in		
Accounts receivable	(213,590)	176,992
Prepaid expenses	(11,351)	(38,731)
Other assets	-	300
Increase in		
Accounts payable and accrued expenses	18,619	3,447
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>408,493</u>	<u>1,064,034</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(277,570)	(654,729)
Proceeds from sale of property and equipment	11,147	57,000
Purchase of investments	(386,470)	(314,868)
Proceeds from sale of investments	384,811	162,853
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(268,082)</u>	<u>(749,744)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of debt	-	150,000
Repayments on long-term debt	(16,625)	(13,495)
Repayments on capital lease	-	(3,163)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>(16,625)</u>	<u>133,342</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	123,786	447,632
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR</b>	<u>1,098,623</u>	<u>650,991</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR</b>	<u>\$ 1,222,409</u>	<u>\$ 1,098,623</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	\$ 4,700	\$ 3,766

See accompanying notes.

# **VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE**

## **NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2022 AND 2021**

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### **NOTE A - ORGANIZATION**

Volunteer Medical Service Corps of Lansdale (the "Organization") was incorporated on November 1, 1972, as an outgrowth of a nonprofit organization that was organized on November 2, 1935. The purpose of the Organization is to provide first aid and transportation for medical purposes. The Organization services the North Penn area of Montgomery County, Pennsylvania.

### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Method of Accounting**

The Organization uses the accrual method of accounting for both financial statements and tax purposes.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include demand and time deposits at financial institutions with a maturity of 90 days or less.

#### **Accounts Receivable**

The Organization's accounts receivable are primarily comprised of amounts due from Medicare, Medicaid, private insurance, self-pay residents and other third-party payors. The Organization evaluates the valuation of accounts receivable based on an analysis of historical collection trends, as well as its understanding of the nature and collectability of accounts based on their age and other factors.

#### **Investments**

Investments are carried at market value.

#### **Contributions**

In accordance with FASB ASC 958, unconditional contributions are recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions. Conditional contributions received are accounted for as a liability or are unrecognized initially, that is, until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions.

# VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

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### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Financial Statement Presentation**

Under Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, the Organization is required to report information regarding its financial position and activities according to two mutually exclusive classes according to the existence or absence of donor-imposed restrictions. See Net Assets with Donor Restrictions and Net Assets without Donor Restrictions.

***Net Assets without Donor Restrictions:*** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

***Net Assets with Donor Restrictions:*** Net assets of the Organization that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Some donors impose restrictions that are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintain in perpetuity. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

#### **Revenue Recognition**

- **First aid and medical transport fees** - Fees are recognized over time, primarily by providing first aid and ambulance services. Revenue is recognized when control of the promised good or service is transferred to our customers, in an amount that reflects the consideration to which the Organization expects to be entitled from patients, third-party payors (including government programs and insurers) and others, in exchange for those goods and services.

Performance obligations are determined based on the nature of the services provided. The majority of the Organization's healthcare services represent a bundle of services that are not capable of being distinct, and as such, are treated as a single performance obligation satisfied over time as services are rendered.

**VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE**  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2022 AND 2021

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition (Continued)**

The Organization determines transaction price based on contractually agreed-upon amounts or rates, adjusted for estimates of variable consideration, such as implicit price concessions. The Organization uses the expected value method to determine the amount of variable consideration that should be included to arrive at the transaction price, using contractual agreements and historical reimbursement experience within each payor type. The Organization applies constraint to the transaction price, such that net revenues are recorded only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in the future. If actual amounts of consideration ultimately received differ from the Organization's estimates, the Organization adjusts these estimates, which would affect net revenues in the period such variances become known. Adjustments arising from a change in transaction price were not significant for the fiscal year ended March 31, 2022.

The Organization has elected a practical expedient to not adjust the promised amount of consideration for the effects of a significant financing component due to its expectation that the period between the time the service is provided and the time payment is received will be one year or less.

- **Membership campaign fees** - Membership campaign fees are recognized over time when received. Fees are \$70/year for an individual and \$85/year for a household. The subscription year runs from June 1 to May 31 and subscriptions are not refundable. The subscription covers co-payments and out of pocket expenses not covered by Medicare or insurance. Those without Medicare or insurance receive a 40% discount off usual charges. Members must reside in the Organization's coverage area. Membership revenue consists of an exchange element based upon the benefits provided to a member and a contribution element for the portion of the membership fees received in excess of member benefits. A substantial portion of the membership revenue is deemed to be a contribution, as benefits go unused. The Organization recognized revenue upon receipt since there is not a significant variance in revenue between recording membership upon receipt as compared to recognizing revenue on a pro rata basis over the membership period. Because the benefits received from memberships have an original expected duration of one year or less, the Organization has elected the practical expedient and not disclosed the value of unsatisfied performance obligations and expected timing for completion related to these revenues.

# VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

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### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Property and Equipment and Depreciation**

Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in income (the results of operations). The following lives are used in computing depreciation:

	<u>Years</u>
Building	25-35
Leasehold improvements	5-10
Vehicles and equipment	5-10
Office furniture and equipment	5-10

#### **Volunteer Services**

No amounts have been reflected in the financial statements for the value of personal services donated by volunteer workers who assist in performing services to the local community. They don't meet the criteria for recognition under FASB ASC 958-605-25-16.

#### **Income Taxes**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

#### **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 certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

#### **Treatment of Paycheck Protection Program (PPP) Loan**

The Organization has elected to apply the FASB ASC 958-605 conditional contribution model to account for the Paycheck Protection Program loan. Under this model, conditional contributions received are accounted for as a liability or are unrecognized initially, that is, until the barriers to entitlement are overcome, at which point the transaction is recognized as restricted contributions and grants.

#### **Date of Management's Review**

Management has evaluated subsequent events through February 20, 2023, the date which the financial statements were available to be issued.

# VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

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### NOTE C - REVENUE RECOGNITION

#### Disaggregation of Revenue

The disaggregation of the timing of recognizing revenue from contracts with customers for the years ended March 31, 2022 and 2021 is as follows:

	<u>2022</u> Over Time	<u>2021</u> Over Time
Membership campaign fees	\$ 38,977	\$ 40,106
First aid and medical transport fees	<u>2,951,982</u>	<u>2,321,415</u>
	<u>\$ 2,990,959</u>	<u>\$ 2,361,521</u>

#### Contract Assets and Liabilities

Contract assets arise when the Organization recognizes revenue for amounts that cannot be billed under the terms of the contract with the customer. The Organization does not have any material contract assets as of March 31, 2022 and 2021. Contract liabilities are reported as deferred revenue on the Statements of Financial Position. The Organization does not have any material contract liabilities as of March 31, 2022 and 2021.

#### Receivables

Opening accounts receivable arising from contracts with customers was \$408,699 as of April 1, 2020. Closing accounts receivable arising from contracts with customers was \$474,934 and \$270,521 as of March 31, 2022 and 2021, respectively.

### NOTE D - CASH AND CASH EQUIVALENTS

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sums to the total of the same such amounts shown in the statement of cash flows as of March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,166,779	\$ 1,042,995
Cash restricted for future major repairs on substations	<u>55,630</u>	<u>55,628</u>
Total cash and restricted cash shown in the statement of cash flows	<u>\$ 1,222,409</u>	<u>\$ 1,098,623</u>

# VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

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### NOTE E - AVAILABILITY AND LIQUIDITY

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents, unrestricted	\$ 1,166,779	\$ 1,042,995
Accounts receivable	474,934	270,521
Other assets	1,030	1,030
Investments	<u>2,573,975</u>	<u>2,535,588</u>
	<u>\$ 4,216,718</u>	<u>\$ 3,850,134</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization invests any cash in excess of daily requirements in investments, or money market funds. The Organization also has a line of credit available to a maximum of \$1,000,000. The Organization has not borrowed on the line.

### NOTE F - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 595,192	\$ 381,602
Allowance for doubtful accounts	(50,000)	(50,000)
Reserve for contractual allowances	<u>(70,258)</u>	<u>(61,081)</u>
	<u>\$ 474,934</u>	<u>\$ 270,521</u>

# VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

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### NOTE G - INVESTMENTS

Investments are carried at market value. The relationship between cost and carrying values at market value at March 31, 2022 and 2021, and related investment income included in the statements of activities is summarized as follows:

	2022		2021	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
STOCKS	\$ 872,552	\$ 1,340,629	\$ 816,158	\$ 1,195,082
MUTUAL FUNDS				
Fixed income	503,365	495,042	573,570	598,034
Growth	636,296	738,304	568,792	742,472
	<u>1,139,661</u>	<u>1,233,346</u>	<u>1,142,362</u>	<u>1,340,506</u>
	<u>\$ 2,012,213</u>	<u>\$ 2,573,975</u>	<u>\$ 1,958,520</u>	<u>\$ 2,535,588</u>

The composition of investment return consists of:

	<u>2022</u>	<u>2021</u>
Interest income, cash and cash equivalents	\$ 1,501	\$ 473
Investment portfolio income	51,872	43,677
Realized gain (loss)	53,180	2,966
Unrealized gain (loss)	<u>(16,452)</u>	<u>665,282</u>
	<u>\$ 90,101</u>	<u>\$ 712,398</u>

It is the Organization's intent to hold investments for long-term purposes, but can be liquidated for cash flow purposes as needed.

# VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

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### NOTE H - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

		2022	
	Cost	Accumulated Depreciation	Net Value
PROPERTY AND EQUIPMENT			
Building and equipment	\$ 1,108,988	\$ (983,559)	\$ 125,429
Leasehold improvements and equipment	93,954	(60,599)	33,355
Land	757,426	-	757,426
Vehicles	982,877	(662,318)	320,559
Radio communication equipment	441,641	(414,295)	27,346
Rescue equipment	84,972	(83,303)	1,669
Paramedic equipment	843,955	(555,016)	288,939
Computer equipment	147,514	(132,670)	14,844
Office furniture and equipment	110,315	(105,946)	4,369
	<u>\$ 4,571,642</u>	<u>\$ (2,997,706)</u>	<u>\$ 1,573,936</u>

Depreciation expense included in the statements of activities was \$255,083 and \$180,639 for the years ended March 31, 2022 and 2021, respectively.

**VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2022 AND 2021**

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2021		
<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value</u>
\$ 1,094,731	\$ (971,024)	\$ 123,707
65,437	(56,883)	8,554
757,426	-	757,426
957,098	(527,723)	429,375
433,878	(380,021)	53,857
82,968	(82,455)	513
668,757	(492,035)	176,722
135,742	(131,287)	4,455
<u>107,029</u>	<u>(105,542)</u>	<u>1,487</u>
<u>\$ 4,303,066</u>	<u>\$ (2,746,970)</u>	<u>\$ 1,556,096</u>

# VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

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### NOTE I - LONG TERM DEBT

Long-term debt consists of the following

	<u>2022</u>	<u>2021</u>
Note payable to Stryker Flex Financial, monthly installments of \$490, including interest at 4.50%, matures in June 2022, secured by the related equipment.	\$ 1,459	\$ 7,134
Note payable to PEMA, monthly installments of \$939, including interest at 2.00%, matures in November 2022, secured by the related equipment.	10,232	21,182
Loan payable to the U.S. Small Business Administration, monthly installments including interest at 2.75% beginning July 2023, matures in June 2053, secured by all tangible and intangible personal property.	<u>150,000</u>	<u>150,000</u>
	161,691	178,316
Current portion	<u>(11,691)</u>	<u>(19,325)</u>
	<u>\$ 150,000</u>	<u>\$ 158,991</u>

Current maturities for the next five years and in the aggregate are as follows:

<u>Year Ending</u> <u>March 31,</u>	
2023	\$ 11,691
2024	2,700
2025	3,687
2026	3,790
2027	3,896
2028-2032	21,168
2033-2037	24,284
2038-2042	27,363
2043-2047	32,457
2048-2052	<u>30,655</u>
	<u>\$ 161,691</u>

# VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE

## NOTES TO FINANCIAL STATEMENTS

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### NOTE J - LONG-TERM LEASES

The Organization leases land from the Central Montgomery Hospital at Pine and Lansing Avenues in Hatfield Township. The lease runs for 99 years at a nominal rental of \$1 per year, with options to renew.

A substation facility is also being leased at the municipal complex of Montgomery Township for a period of ten years and has been extended for an additional ten year period commencing on August 1, 2005 and terminating on August 1, 2025. This lease requires an annual rental of \$1. Annual renewal options, year-to-year, are available following the lease expiration date. The lease requires the Organization to fund future major repairs to the facility (see Note B). The Organization has set aside \$55,630 and \$55,628 in 2022 and 2021, respectively, as a reserve for future major repairs.

### NOTE K - FINANCIAL INSTRUMENTS AND RISK CONCENTRATIONS

#### Financial Instruments

The carrying values of the Organization's financial instruments approximate their estimated fair values. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- **Cash and Cash Equivalents** - The carrying amount approximates fair value due to the short-term maturity of these instruments.
- **Marketable Securities and Investments** - The fair value of marketable securities and investments held for investment purposes is based on quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted marked prices for similar securities and investments.
- **Short-Term Borrowing** - The carrying amount approximates fair value due to the short-term maturity of these instruments.

#### Financial Instruments (Continued)

- **Long-Term Debt** - The fair value of long-term debt is estimated based on the current rates offered to the Organization for debt of the same remaining maturities, which approximates the carrying amounts.

**VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE**  
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**NOTE K - FINANCIAL INSTRUMENTS AND RISK CONCENTRATIONS (Continued)**

**Risk Concentrations**

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and accounts receivable. The Organization places its cash with high credit quality institutions. At times, such amounts may be in excess of the FDIC insurance limits. As of March 31, 2022 and 2021, there was no excess amount over the FDIC insurance limits.

Concentrations of credit risk with respect to trade accounts receivable are generally diversified due to the large number of individuals comprising the Organization's customer base. Payments are generally received through third-party reimbursements from various health insurance providers.

**NOTE L - ADVERTISING COSTS**

The production costs of advertising are expensed when incurred. Advertising costs were \$858 and \$630 for the years ended March 31, 2022 and 2021 respectively.

**NOTE M - FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the program and other activities of the Organization have been summarized on a functional basis in the statements of activities. Fundraising expenses are costs related to subscription campaign, special events and other fundraising efforts. Management and general expenses are costs directly related to the overall operation of the Organization, which are not associated with program or fundraising services.

Accordingly, certain costs have been allocated among the program and supporting services benefited. The expenses that are allocated include salaries and benefits, depreciation and occupancy costs, communications, MIS/ Technology and other operating costs. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

Salaries and benefits are allocated based on estimated time spent by employees on the basis of estimates of time and effort. Depreciation and other occupancy expenses are allocated based on general knowledge of the estimated percentage of building space used for each function. Communications, MIS/Technology and other operating costs are allocated based on the nature of expenses and estimated percentage of time and effort.

# VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE

## NOTES TO FINANCIAL STATEMENTS

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### NOTE N - RETIREMENT PLAN

The Organization maintains a retirement plan (adopted January 1, 1997) for its employees, which allows participants to make contributions by salary reduction pursuant to Section 401(k) of the Internal Revenue Code. The Organization does not currently match any contributions. Employees vest immediately in their contributions.

### NOTE O - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled through actions of the Organization or by the passage of time.

Net assets with donor restrictions at March 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ <u>757,426</u>	\$ <u>757,426</u>
	<u>\$ 757,426</u>	<u>\$ 757,426</u>

\$757,426 of the Organization's net assets with donor restrictions consist of the Organization's land on which sits an existing and operating service substation. The agreement states the premises shall be owned and used solely by the Organization for the purpose of providing ambulance and emergency medical transport services. During the year ended March 31, 2022, the Organization released funds from donor restrictions in the amount of \$21,683 by making expenditures for equipment as per donor restrictions.

# VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE

## NOTES TO FINANCIAL STATEMENTS

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### NOTE P - FAIR VALUE MEASUREMENTS

Professional accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

*Level 1* inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. *Level 2* inputs are other than quoted prices that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. *Level 3* inputs are unobservable inputs based on the assumptions used to measure assets and liabilities at fair value. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Organization did not have Level 2 or Level 3 investments at March 31, 2022 and 2021.

Investments for which fair values are determined on a recurring basis are as follows:

	Level 1	
	2022	2021
COMMON STOCKS	\$ 1,340,629	\$ 1,195,082
MUTUAL FUNDS	1,233,346	1,340,506
	<u>\$ 2,573,975</u>	<u>\$ 2,535,588</u>

Common stocks are valued at the closing price reported in the active market in which the individual securities are traded.

Mutual funds are valued at the net asset value of shares held by the Organization at year-end.

### NOTE Q - LINE OF CREDIT

The Organization has a line of credit with a local trust company available to a maximum of \$1,000,000 at March 31, 2022. The line is secured by the marketable securities held in custody by the trust company. Interest is at prime (3.50% at March 31, 2022). There were no borrowings on the line in 2022 and 2021.

### NOTE R - BOARD DESIGNATED NET ASSETS

The Board of Directors has designated net assets as a reserve for future major repairs. (See Note J). Designated net assets totaled \$55,630 and \$55,628 as of March 31, 2022 and 2021, respectively.

**VOLUNTEER MEDICAL SERVICE CORPS OF LANSDALE**  
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**NOTE S - PAYCHECK PROTECTION PROGRAM LOAN**

In April 2020, the Organization received funds of \$387,940 under the Small Business Administration's Paycheck Protection Program. The stated terms were to accrue interest at 1%, payments were to be deferred for the first six months and the loan was to mature in two years. Under this Program, the loan and accrued interest, or a portion thereof, may be forgiven after eight to twenty-four weeks as long as the Organization used the loan proceeds for eligible purposes including payroll, benefits, rent, utilities, and maintains its payroll levels.

Although loan forgiveness had not been granted by the Small Business Administration as of March 31, 2021, management determined that the conditions for forgiveness under the loan had been substantially met and therefore recognized the entire amount as other income in the accompanying Statement of Activities as of March 31, 2021. The Organization received official forgiveness of \$387,940 from the Small Business Administration in May 2021.

**NOTE T - RISKS AND UNCERTAINTIES**

**Revenue Sources**

The Organization receives revenues from Medicare, Medicaid, private insurance, self-pay residents, and other third-party payors. The sources and amounts of the Organization's revenues are determined on a number of factors, including the mix of patients and the rates of reimbursement among payors. Changes in the case mix of the patients as well as payor mix among Medicare, Medicaid and private pay can significantly affect the Organization's operating results.

It is not possible to quantify fully the effect of legislative changes, the interpretation or administration of such legislation or other governmental initiatives on the Organization's operations. The potential impact of reforms to the United States healthcare system, including potential material changes to the delivery of healthcare services and the reimbursement paid for such services by the government or other third-party payors, is uncertain at this time. Accordingly, there can be no assurance that the impact of any future healthcare legislation, regulation or actions by participants in the health care continuum will not adversely affect the Organization's operations. There can be no assurance that payments under governmental and private third-party payor programs will be timely, will remain at levels similar to present levels or will, in the future, be sufficient to cover the costs allocable to patients eligible for reimbursement pursuant to such programs. The Organization's financial position and change in net assets are and will continue to be affected by the reimbursement process, which in the healthcare industry is complex and can involve lengthy delays between the time that revenue is recognized and the time that reimbursement is made.