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January 18, 2023

Board of Directors  
Spencer County Emergency Ambulance Service, Inc.  
P. O. Box 500  
Dale, IN 47523

We have reviewed the report prepared by Spencer County Emergency Ambulance Service, Inc. and opined upon by Timothy J. Otte CPA, PC, Independent Public Accountants, for the period January 1, 2021 to December 31, 2021. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Spencer County Emergency Ambulance Service, Inc. as of December 31, 2021 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Timothy J. Otte CPA, PC prepared the audit report in accordance with guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner



**SPENCER COUNTY EMERGENCY AMBULANCE SERVICE, INC.**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

Phone: 812.490.8600 • Fax: 812.490.8601

P.O. Box 308 Newburgh IN. 47629

Member of American Institute of Certified Public Accountants and Indiana CPA Society

# Spencer County Emergency Ambulance Service, Inc.

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Board of Directors  
Spencer County Emergency Ambulance Service, Inc.

### **Opinion**

We have audited the accompanying statement of Spencer County Emergency Ambulance, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets-modified cash basis as of December 31, 2021, and the related statements of support, revenue and expenses- modified cash basis and functional expenses- modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Spencer County Emergency Ambulance Service, Inc. as of December 31, 2021, and its support, revenue and expenses and functional expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Spencer County Emergency Ambulance Service, Inc. 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.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 Spencer County Emergency Ambulance, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Spencer County Emergency Ambulance Service, Inc.'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 Spencer County Emergency Ambulance, Inc.'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.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of federal and local awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Timothy J. Oth CPA PE*

Evansville, IN  
September 13, 2022

**Spencer County Emergency Ambulance Service, Inc.**  
**Statement of Assets, Liabilities, and Net Assets- Modified Cash Basis**  
**December 31, 2021**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 104,736
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**Property and Equipment**

Equipment	232,983
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Less accumulated depreciaiton	<u>(232,983)</u>
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Net Property and Equipment	<u>          -</u>
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<b>Total Assets</b>	<b><u>          \$ 104,736</u></b>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Payroll liabilities	\$ 3,596
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Notes Payable- Director	<u>13,500</u>
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Total Current Liabilities	<u>17,096</u>
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<b>Net Assets- Without Donor Restrictions</b>	<b><u>          87,641</u></b>
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<b>Total Liabilities and Net Assets</b>	<b><u>          \$ 104,736</u></b>
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See notes to financial statements

**Spencer County Emergency Ambulance Service, Inc.  
Statement of Support, Revenue, and Expenses- Modified Cash Basis  
For the Year Ended December 31, 2021**

**CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS**

**Support and Revenue**

Ambulance Runs	\$ 808,901
County Claims	750,000
Grants- FEMA	35,189
Interest Income	17
Miscellaneous Income	77
Total Support and Revenue	<u>1,594,184</u>

**Expenses**

Program Services	1,361,435
Mangement and General	123,051
Total Expenses	<u>1,484,486</u>

**Change in Net Assets** 109,698

**Net Assets- beginning of year** (22,057)

**Net Assets- end of year** \$ 87,641

See notes to financial statements

**Spencer County Emergency Ambulance Service, Inc.**  
**Statement of Functional Expenses- Modified Cash Basis**  
**For the Year Ended December 31, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>2021 Total</u>
Ambulance Maintenance	\$ 28,661	\$ -	\$ 28,661
Ambulance Supplies	54,979	900	55,879
Bank Charges	851	-	851
Building Repairs	5,121	-	5,121
Clothing Allowance	5,186	-	5,186
Communication Maintenance	48,097	-	48,097
Computer Service	-	4,562	4,562
Director Fees	3,350	-	3,350
Equipment Replacement	2,782	-	2,782
Gas & Oil	30,793	-	30,793
Insurance	62,896	-	62,896
Interest Expenses	-	1,517	1,517
Laundry & Cleaning	5,009	-	5,009
Legal & Accounting	-	6,796	6,796
Medical Director Fees	12,065	-	12,065
Mileage Expense	1,704	-	1,704
Miscellaneous Expense	3,105	-	3,105
Office Supplies	13,318	1,092	14,410
Oxygen	815	-	815
Professional Services	61,682	-	61,682
Seminars	1,464	-	1,464
Subcontract	1,500	-	1,500
Telephone	10,283	-	10,283
Travel Expense	455	-	455
Utilities	11,235	1,207	12,442
Wages, Taxes & Benefits	996,084	106,977	1,103,061
	<u>\$1,361,435</u>	<u>\$ 123,051</u>	<u>\$ 1,484,486</u>
			-

See notes to financial statements

**Spencer County Emergency Ambulance Service, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Mission**

It is the goal of the Organization to provide the best possible healthcare to the citizens of Spencer County, providing them with high quality emergency medical services and public education.

**Basis of Accounting**

The Organization maintains its accounting records on the modified cash basis of accounting; consequently, revenue is recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred. Modifications to the cash basis of accounting include recording depreciation on equipment and accruing for payroll taxes. Accordingly, the accompanying statements are not intended to and do not present the financial position or results of operations of the organizations in accordance with United States generally accepted accounting principles.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two classifications of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net Assets without Donor Restrictions-** These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

**Net Assets with Donor Restrictions-** These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

**Federal Income Taxes**

The Organization is exempt from income taxes as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization believes that it has support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Spencer County Emergency Ambulance Service, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021**

**Cash and Cash Equivalents**

The Organization defines cash as cash on hand and amounts held at financial institutions with original maturities of three months or less.

**Liquidity**

Assets are presented in the accompanying statements of assets, liabilities, and net assets-modified cash basis according to their nearest conversion to cash and liabilities according to their nearness of maturity and resulting use of cash.

**Property and Equipment**

Property and equipment are valued at cost and are depreciated over the estimated useful lives of the related assets. depreciation. Maintenance and repairs are charged to operations as incurred. Provisions for depreciation of property and equipment have been computed on the tax basis method rather than the straight-line method. Upon disposition, the cost and accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in operations for the period.

**Revenue Recognition**

The Organization's functions include providing advanced and basic life support services, as well as emergency and nonemergency medical transportation primarily to the residents of Spencer County. The Organization has two major sources of revenue:

1. **Billable Services-** The Organization receives revenue from billable services based upon the completion of the service performed and billing either the patient's insurance company or the patient themselves. There are no restrictions on the revenue. Revenue is recognized when received in accordance with the modified cash basis of accounting. Billable service revenue is recognized at a point of time, when received.
2. **County Appropriations-** The Organization receives support from Spencer County for daily operations. Total support received is based on a budget received and approved annually by Spencer County. The County support covers a calendar, which is also the fiscal year of the Organization. There is no distinct benefits or performance obligation associated with this support. In accordance with Spencer County budget approval, there are no restrictions on the support. County support is recognized point in time, when received.

**Contributions**

Contributions are considered available for the Organization's general operations unless specifically restricted by the donor. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as restricted support increasing net assets subject to donor restrictions. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as with donor restrictions and then released from restriction.

**Spencer County Emergency Ambulance Service, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021**

**Functional Allocation of Expenses**

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, costs have been allocated among the program and services benefited. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses have been classified based on the actual direct expenditures and cost allocation based on time estimates made by management. Wages, taxes and benefits include both direct expenses and allocated expenses based on time estimates. Office supplies and utilities are allocated solely based on time estimates.

**Concentrations of Risk**

The Organization's patients are mostly residents of Spencer County which it serves. The collectability of the Organization's billable service fees, therefore, are dependent upon the economic health of the residents, their employers and their medical insurance carriers, especially the federal Medicare and Medicaid programs. Revenues could be negatively affected by the regulations and laws that determine reimbursements under Medicare and other insurance programs. These policies could also jeopardize future revenue

The Organization receives approximately 47% of its revenue from tax revenues assessed from tax revenues assessed and appropriated by Spencer County. The continued availability of these revenues is dependent upon the County's ability to assess and collect the tax revenues and the Organization's compliance with County funding requirements.

**Contingencies**

The Organization is exposed to various risks of loss related to the nature of the activity performed by the Organization. The Organization maintains commercial insurance covering these risks of loss. Management believes coverage is sufficient to preclude any significant uninsured losses.

**Recently Issued Accounting Pronouncements**

In February, 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities for all leases with lease terms of more than 12 months. Leases will either be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of support, revenue, and expenses. In June, 2020, FASB issued ASU 2020-05, which defers the effective date of ASU 2016-02, making it effective for annual reporting periods beginning after December 15, 2021. A modified retrospective transition approach is required. An entity may adopt this guidance, as well as certain practical expedients, either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented, or (2) retrospectively at the beginning of the period of adoption. through a cumulative-effect adjustment. The Organization is currently evaluating the effect of this pronouncement will have on its financial statements and related disclosures.

**Spencer County Emergency Ambulance Service, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE 2- LEASE COMMITMENTS**

On May 1, 2000, the Organization entered into an agreement to lease a portion of a building owned by the Carter Fire District. The lease term is for ninety-nine years commencing on the date of the lease agreement. No rent is due as long as the Organization operates medical or ambulance services on the premise.

**NOTE 3- RELATED PARTY TRANSACTIONS**

Notes payable consist of a loan from the director payable on demand with no formal agreement.

**NOTE 4- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

At December 31, 2021, the Organization had available financial assets of \$104,736 within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The Organization's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 30 days of operating expenditures. As part of its liquidity plan, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

**NOTE 5- SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events and transactions through September 13, 2022, the date the financial statements were available to be issued. There were no subsequent events that require recognition in the financial statements.

## **SUPPLEMENTARY**

**Spencer County Emergency Ambulance Service, Inc.**  
**Schedule of Federal and Local Awards**  
**For the Year Ended December 31, 2021**

	<u>Total Award</u>	<u>CFDA No.</u>	<u>Prior Receipts</u>	<u>Current Year Receipts</u>	<u>Current Year Expenses</u>
<b>Federal</b>					
FEMA	36,694	97.044	-	35,189	35,189
<b>County</b>					
2021 Appropriations	<u>750,000</u>	N/A	<u>-</u>	<u>750,000</u>	<u>750,000</u>
Total	<u><u>\$ 786,694</u></u>		<u><u>\$ -</u></u>	<u><u>\$ 785,189</u></u>	<u><u>\$ 785,189</u></u>

**Basis of Presentation:** The schedule of Federal & Local awards is presented on the modified cash basis of accounting.