



**REMSA HEALTH®**

**Consolidated Financial Statements  
June 30, 2023**

**Regional Emergency Medical Services Authority**

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June 30, 2023

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## **Independent Auditor's Report**

To the Board of Directors of  
Regional Emergency Medical Services Authority

### **Opinion**

We have audited the consolidated financial statements of Regional Emergency Medical Services Authority (a nonprofit organization) and its subsidiary, which comprise the consolidated statement of financial position as of June 30, 2023 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Regional Emergency Medical Services Authority, and its subsidiary as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Regional Emergency Medical Services Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 Regional Emergency Medical Services Authority'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Regional Emergency Medical Services Authority'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.

*Cupit, Kulligan, Ogden & Sullivan*

Reno, Nevada  
December 19, 2023

**Regional Emergency Medical Services Authority**  
Consolidated Statement of Financial Position  
June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Assets</b>			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 10,306,250	\$ 5,300,000	\$ 15,606,250
Accounts receivable, net	14,093,101	-	14,093,101
Other receivables	689,257	-	689,257
Prepaid expenses	586,054	-	586,054
Investments	3,074,496	-	3,074,496
Certificates of deposit	507,169	-	507,169
<i>Total Current Assets</i>	<u>29,256,327</u>	<u>5,300,000</u>	<u>34,556,327</u>
<i>Property, Plant and Equipment, net</i>	<u>13,748,349</u>	<u>-</u>	<u>13,748,349</u>
<i>Other Assets</i>			
Right-of-use lease asset	523,428	-	523,428
Deposits and other assets	1,803,295	-	1,803,295
Deferred income taxes	74,390	-	74,390
<i>Total Other Assets</i>	<u>2,401,113</u>	<u>-</u>	<u>2,401,113</u>
<b>Total Assets</b>	<u><u>\$ 45,405,789</u></u>	<u><u>\$ 5,300,000</u></u>	<u><u>\$ 50,705,789</u></u>
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Accounts payable	\$ 1,401,190	\$ -	\$ 1,401,190
Refunds payable	626,941	-	626,941
Accrued compensation and related benefits	2,986,699	-	2,986,699
Other accruals	6,717	-	6,717
Deferred revenue	218,196	5,300,000	5,518,196
Right-of-use lease obligation, current portion	165,251	-	165,251
Note payable, current portion	228,992	-	228,992
<i>Total Current Liabilities</i>	<u>5,633,986</u>	<u>5,300,000</u>	<u>10,933,986</u>
<i>Long-term Liabilities</i>			
Right-of-use lease obligation, net of current portion	314,776	-	314,776
Note payable, net of current portion	853,050	-	853,050
<i>Total Long-term Liabilities</i>	<u>1,167,826</u>	<u>-</u>	<u>1,167,826</u>
<b>Total Liabilities</b>	<u>6,801,812</u>	<u>5,300,000</u>	<u>12,101,812</u>
<b>Net Assets</b>			
<i>Without Donor Restrictions</i>			
Undesignated	35,603,977	-	35,603,977
Board designated	3,000,000	-	3,000,000
<i>Donor Restricted</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Net Assets</i>	<u>38,603,977</u>	<u>-</u>	<u>38,603,977</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 45,405,789</u></u>	<u><u>\$ 5,300,000</u></u>	<u><u>\$ 50,705,789</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

**Regional Emergency Medical Services Authority**

Consolidated Statement of Activities

For the year ended June 30, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operating Revenue</b>			
Net patient service revenue	\$ 55,101,033	\$ -	\$ 55,101,033
Membership revenue	446,227	-	446,227
Contract revenue	3,024,900	-	3,024,900
Net transport revenue	58,572,160	-	58,572,160
Contributions, grants and other revenue	2,052,988	-	2,052,988
Training and education	928,471	-	928,471
<i>Total Operating Revenue</i>	<u>61,553,619</u>	<u>-</u>	<u>61,553,619</u>
<b>Operating Expenses</b>			
Program services			
Ground operations	26,963,948	-	26,963,948
Care Flight	17,927,302	-	17,927,302
Other	3,736,237	-	3,736,237
Management and general	11,758,869	-	11,758,869
<i>Total Operating Expenses</i>	<u>60,386,356</u>	<u>-</u>	<u>60,386,356</u>
<b>Operating Income</b>	<u>1,167,263</u>	<u>-</u>	<u>1,167,263</u>
<b>Other Revenue (Expense)</b>			
Gain on equipment dispositions	142,080	-	142,080
Net investment income	277,612	-	277,612
Other investment income	46,173	-	46,173
<i>Total Other Revenue (Expense)</i>	<u>465,865</u>	<u>-</u>	<u>465,865</u>
<b>Change in Net Assets Before Income Taxes</b>	<u>1,633,128</u>	<u>-</u>	<u>1,633,128</u>
Income tax expense	<u>(14,920)</u>	<u>-</u>	<u>(14,920)</u>
<b>Change in Net Assets</b>	<u>1,618,208</u>	<u>-</u>	<u>1,618,208</u>
<b>Net Assets, Beginning of Year</b>	<u>36,985,769</u>	<u>-</u>	<u>36,985,769</u>
<b>Net Assets, End of Year</b>	<u>\$ 38,603,977</u>	<u>\$ -</u>	<u>\$ 38,603,977</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Regional Emergency Medical Services Authority**  
Consolidated Statement of Functional Expenses  
For the year ended June 30, 2023

	<b>Program Services</b>			<b>Management and General</b>	<b>Total</b>
	<b>Ground Operations</b>	<b>Care Flight</b>	<b>Other</b>		
Salaries and wages	\$ 15,997,085	\$ 7,663,643	\$ 2,230,592	\$ 4,888,581	\$ 30,779,901
Professional fees	186,933	7,169,743	97,693	1,246,366	8,700,735
Employee benefits	2,687,828	462,483	397,201	2,071,192	5,618,704
Payroll taxes	1,723,623	806,865	229,594	291,525	3,051,607
Program supplies	1,610,026	253,715	267,876	610,558	2,742,175
Depreciation and amortization	1,087,125	199,931	56,308	690,688	2,034,052
Fuel	1,083,041	597,857	28,186	2,780	1,711,864
Insurance	769,395	187,877	-	106,364	1,063,636
Information technology	113,373	24,599	13,590	768,343	919,905
Vehicle maintenance	760,787	55,021	3,317	-	819,125
Education	62,900	28,299	329,867	27,366	448,432
Telephone	30,681	55,076	9,033	319,347	414,137
Meals and entertainment	117,764	49,645	7,690	160,783	335,882
Office supplies and equipment	153,840	38,510	6,446	130,173	328,969
Employee uniforms	212,991	55,554	27,288	6,615	302,448
Utilities	168,534	75,896	659	23,705	268,794
Taxes and licenses	116,179	78,851	16,637	36,049	247,716
Facility maintenance	4,486	17,822	4,929	146,858	174,095
Public relations and marketing	70	30	-	165,392	165,492
Travel	26,619	26,417	9,092	32,938	95,066
Rent	15,896	70,885	-	1,893	88,674
Interest	30,178	7,685	-	8,756	46,619
Postage and shipping	2,447	552	62	18,537	21,598
Printing	2,147	346	177	4,060	6,730
<b>Total Expenses</b>	<b>\$ 26,963,948</b>	<b>\$ 17,927,302</b>	<b>\$ 3,736,237</b>	<b>\$ 11,758,869</b>	<b>\$ 60,386,356</b>

The accompanying notes are an integral part of these consolidated financial statements.

**Regional Emergency Medical Services Authority**

Consolidated Statement of Cash Flows

For the year ended June 30, 2023

**Cash Flows from Operating Activities**

Change in Net Assets	\$ 1,618,208
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>	
Depreciation and amortization	1,968,624
Gain on equipment dispositions	(142,080)
Amortization of right-of-use asset	65,428
Realized loss from sale of investments	100,740
Unrealized gain on investments	(45,029)
Changes in operating assets and liabilities	
Accounts receivable	3,911,418
Other receivables	342,354
Prepaid expenses	(117,611)
Deposits and other assets	(1,787,495)
Deferred income taxes	14,120
Accounts payable	(449,733)
Refunds payable	(412,419)
Accrued compensation and related benefits	102,388
Other accruals	(5,610)
Deferred revenue	5,317,438
<b>Net Cash Provided by Operating Activities</b>	<b>10,480,741</b>

**Cash Flows from Investing Activities**

Proceeds from sale of property and equipment	264,359
Capital expenditures	(1,371,467)
Reinvested interest from certificates of deposit	(85,772)
<b>Net Cash Used by Investing Activities</b>	<b>(1,192,880)</b>

**Cash Flows from Financing Activities**

Principal payments on notes payable	(222,160)
Principal payments on finance lease liability	(108,829)
<b>Net Cash Used by Financing Activities</b>	<b>(330,989)</b>

**Net Increase in Cash and Cash Equivalents**

8,956,872

**Cash and Cash Equivalents, Beginning of Year**

6,649,378

**Cash and Cash Equivalents, End of Year**\$ 15,606,250**Supplemental Disclosure of Cash Flow Information***Cash paid during the year for*

Interest	<u>\$ 45,962</u>
Income taxes	<u>\$ 800</u>

**Supplemental Disclosure of Noncash Investing and Financing Activities**

Recording of right-of-use asset	<u>\$ 588,856</u>
Recording of right-of-use liabilities	<u>\$ 588,856</u>

The accompanying notes are an integral part of these consolidated financial statements.



## **Regional Emergency Medical Services Authority**

Notes to Consolidated Financial Statements

June 30, 2023

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### **1. Summary of Significant Accounting Policies**

#### Nature of Operations

The Regional Emergency Medical Services Authority ("REMSA") is a nonprofit organization incorporated under the laws of the State of Nevada. The governing board of REMSA includes representatives appointed by the Washoe County District Board of Health and three major area hospitals, Renown Regional Medical Center, Saint Mary's Regional Medical Center and Northern Nevada Medical Center.

#### Description of Program and Supporting Services

##### *Program Services*

##### Ground Operations

REMSA operates emergency and non-emergency ground ambulance services for all of Washoe County, excluding Gerlach, Nevada and the North Lake Tahoe Fire Protection District under an Amended and Restated Franchise Agreement for Ambulance Services approved by the Washoe County Health District. The Franchise Agreement is effective through June 30, 2030 with provisions for extensions of up to twelve years.

##### Care Flight

REMSA Care Flight provides air ambulance and critical transport services from five bases across northern Nevada and northeastern California with a fleet of four helicopters and one airplane.

##### Other

Other program services consist of activities that do not fall under the ground operation's franchise agreement or Care Flight operations. Significant other program activities consist of the following:

Education - REMSA offers a private, licensed, post-secondary education center with an accredited paramedic program which includes EMT, Advanced EMT and Paramedic courses. REMSA also offers basic CPR and first aid courses to community members and continuing education courses for medical professionals.

Community Health - REMSA's Community Health programs create new care and referral pathways in Washoe County to assure patients receive the safest, and most appropriate levels of quality care. The programs include three components: the Nurse Health Line, Community Paramedicine and Ambulance Transport Alternatives.

Community Outreach – REMSA's outreach programs are focused on supporting the needs of the community and include improving passenger safety and safe sleep options for children and teaching bystanders how to respond when they witness a cardiac arrest. The outreach team is dedicated to working with community partners to identify current trends and needs throughout the region and to implement programs that make a genuine difference in preventing injury and saving lives.

##### *Supporting Services*

##### General and Administrative

These services include functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination of REMSA's programs, and manage the financial and budgetary responsibilities of the Organization.

### Basis of Accounting

REMSA prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. In preparing these consolidated financial statements, REMSA has evaluated events and transactions for potential recognition or disclosure through December 19, 2023, the date the consolidated financial statements were available to be issued.

### Financial Statement Presentation

REMSA's financial statement presentation follows the recommendations of Accounting Standard Codification ("ASC") 958, *Not-for-Profit Entities*. Under ASC 958, REMSA is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions as follows:

- Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.
- Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of REMSA or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

As of June 30, 2023, REMSA's net assets without donor restrictions include board designated funds in the amount of \$3,000,000 in accordance with the Franchise Agreement. REMSA did not have any net assets with donor restrictions at June 30, 2023.

### Principles of Consolidation

The consolidated financial statements include the accounts of REMSA and its wholly owned subsidiary, Regional Ambulance Services Inc. ("RASI"). All significant intercompany transactions and balances have been eliminated.

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

### New Accounting Standards

Lease accounting - Effective July 1, 2022, REMSA adopted *FASB ASC 842, Leases* (ASC 842). REMSA determines if an arrangement contains a lease at inception based on whether the organization has the right to control the asset during the contract period and other facts and circumstances.

REMSA elected the option to apply the transition provisions at the adoption date instead of the earliest comparative period presented in the financial statements. REMSA elected the short-term lease exception provided for in the standard and therefore, only recognizes right-of-use assets and lease liabilities for leases with a term greater than one year. REMSA elected the package of practical expedients to not re-evaluate existing contracts as containing a lease or the lease classification unless it was not previously assessed against the lease criteria. In addition, REMSA did not reassess initial direct costs for any existing leases.

REMSA enters into leasing arrangements primarily as a lessee. Leases are classified as operating or finance leases. Both operating and finance leases recognize lease liabilities and associated right-of-use assets.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, REMSA considers all highly liquid investments and debt instruments purchased with an original maturity of three months or less to be cash equivalents. Certificates of deposit with an original maturity date of three months or less are excluded from cash and cash equivalents based on management's intent to renew or when the instrument is set-up for automatic renewal.

### Accounts Receivable and Refunds Payable

Accounts receivable is comprised of amounts due from third-party payers, patients, and other partners for transport services. Payment terms are generally 30 - 45 days. Collection of accounts receivable is REMSA's primary source of cash and is critical to its operating performance. REMSA's primary collection risks relate to co-payments and other amounts owed by patients. Implicit price concessions are considered in the determination of the transaction price and therefore the Company no longer separately records an allowance for doubtful accounts.

REMSA often receives payments from multiple payers resulting in an overpayment of an invoice. Such amounts are reported as refunds payable.

### Investments

Investments are reported at fair value. Unrealized and realized gains and losses are included in the statement of activities. Investment expenses, if any, are netted against investment income or loss in the statement of activities.

### Property, Plant, and Equipment

Property, plant, and equipment with an estimated useful life greater than one year and in excess of \$1,000 are capitalized at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial reporting purposes. The estimated useful lives range from three to forty years.

### Deposits and Other Assets

Deposits and other assets consist primarily of the expenditures made for equipment expected to be placed in service in the near future and unamortized balances of loan fees.

### Compensated Absences

Employees of REMSA are entitled to paid time off. Hours earned are dependent on job classification, length of service and other factors. At June 30, 2023, accrued paid time off was \$1,484,488.

### Revenue Recognition

Under Accounting Standards Codification Topic 606, Revenue from Contracts with Customers (Topic 606), revenue is recognized when a customer obtains control of a promised good or service, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that are within the scope of Topic 606, REMSA performed the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and

5. Recognize revenue as the entity satisfies a performance obligation

*Net Patient Service Revenue*

Net patient service revenue is generated from providing patient transport services pursuant to contracts with patients. REMSA recognizes revenue as services are rendered, which are delivered over a period of time but typically within one day, when REMSA provides services to the patient. REMSA receives payments for services from third-party payers as well as from patients who have health insurance where they may bear some cost of the service in the form of co-pays, coinsurance or deductibles. In addition, patients who do not have health insurance are required to pay for their services in full. Providing transport services to patients represents REMSA's performance obligation under the contracts, and accordingly, the transaction price is allocated entirely to the one performance obligation.

Net patient services revenue is reported net of provisions for contractual allowances from third-party payers and patients. REMSA has certain agreements with third-party payers that provide for reimbursement at amounts different from REMSA's standard billing rates. The differences between the estimated reimbursement rates and the standard billing rates are accounted for as contractual adjustments, which are deducted from gross revenue to arrive at net patient service revenue. REMSA estimates implicit price concessions related to self-pay balances as part of estimating the original transaction price which is based on historical experience and other collection indicators.

*Membership Revenue*

Membership revenue is generated from annual membership fees paid by consumers and from enterprise clients who purchase access to memberships for their employees and dependents. The terms of service on REMSA's website serve as the contract between REMSA and consumer members. REMSA enters into written contracts with enterprise clients. The transaction price for contracts with enterprise clients is determined on a per employee per month basis, based on the number of employees eligible for membership established at the beginning of the contract term, which is generally one year. The transaction price for the contract is stated in the contract and is generally collected in advance of the contract term. The services performed under these contracts are not considered individually distinct as they are not separately identifiable in the context of the agreement. Accordingly, the transaction price is allocated entirely to the one performance obligation. Membership revenue is recognized ratably over the contract period. Unrecognized but collected amounts are recorded to deferred revenue and amortized over the remainder of the applicable membership period.

*Contract Revenue*

Contract revenue is generated from contracts with counties, districts and other service providers to provide ground or air ambulance services either as a sub-contractor or as a service partner. REMSA's performance obligation under these contracts is to stand ready to provide clinical services and the associated management and administrative services. As the services are provided concurrently over the contract terms and have the same pattern of transfer, this represents one performance obligation comprising of a series of distinct services over the contract term. Certain contracts also allow for a fee for each billable mission completed. These fees are recognized at a point in time as the services are generally completed within one day.

The Company has recorded accounts receivable, contract receivables and deferred revenue, which result from timing differences between REMSA's contract performance and the customer's payment. The opening and ending balances for the year ended June 30, 2023 were as follows:

**Regional Emergency Medical Services Authority**  
Notes to Consolidated Financial Statements  
June 30, 2023

	<u>Opening Balance</u>	<u>Ending Balance</u>
Accounts receivable	\$ 18,004,519	\$ 14,093,101
Contract revenue receivables	894,343	556,588
Deferred membership revenue	200,758	218,196

Contributions

All contributions are considered to be available for use at the discretion of REMSA unless specifically restricted by the donor. Amounts received that are designated for future years or restricted by the donor for specific purposes are reported as donor-restricted support that increases the net assets with donor restrictions class. However, if a restriction is fulfilled in the same year in which the contribution is received, REMSA reports the support as an increase in net assets without donor restrictions. Donor restricted contributions that are conditional and include a right-of-return are not recognized in revenue until the conditions are met.

During the year ended June 30, 2023, REMSA received a conditional contribution in the amount of \$5,300,000. The conditions were not met by June 30, 2023 and the funds were reported as deferred revenue on the consolidated statement of financial position.

Allocation of Functional Expenses

The costs of providing various programs and supporting activities have been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program are applied directly according to their natural expense classification. Non-specific costs have been allocated among the programs and supporting services benefited on the basis of actual expenditures and on estimates used by management.

Income Taxes

REMSA is an organization exempt from federal income taxes as defined in Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(2).

RASI operates as a for-profit corporation in the State of Nevada, and is subject to federal income taxation. Nevada does not impose a state income tax. RASI also provides employees to operations in California and is subject to California state income tax.

RASI recognizes the amount of taxes payable or refundable for the current year and recognizes deferred tax liabilities and assets for the expected future tax consequences of events and transactions that have been recognized in its financial statements or tax returns.

Risk Management

REMSA is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses, and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters.

## 2. Liquidity and Availability of Resources

The following reflects REMSA's financial assets at June 30, 2023, reduced by amounts not available for general use within one year of the statement of financial position:

Financial assets at year end	\$ 33,970,273
Less those unavailable for general expenditure within one year due to:	
Donor restrictions:	
Funds restricted for the purchase of fixed assets	(5,300,000)
Board designations:	
Funds set aside in accordance with the Franchise Agreement	<u>(3,000,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 25,670,273</u>

As part of REMSA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

## 3. Financial Instruments and Concentration of Credit Risk

REMSA maintains its cash accounts in multiple financial institutions. Cash accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000 per financial institution. At June 30, 2023, REMSA had approximately \$15,566,300 of cash and cash equivalents in excess of insured limits.

## 4. Other Receivables

Other receivables consisted of the following at June 30, 2023:

Contract revenue receivables	\$ 556,588
Other receivables	<u>132,669</u>
	<u>\$ 689,257</u>

## 5. Investments and Fair Value Measurements

Fair value accounting establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

<i>Level 1</i>	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
<i>Level 2</i>	Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
<i>Level 3</i>	Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

**Regional Emergency Medical Services Authority**  
Notes to Consolidated Financial Statements  
June 30, 2023

The following table set forth, by level within the fair value hierarchy, a summary of REMSA's investments that were measured at fair value on a recurring basis as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
US Treasury notes	\$ 2,570,536	\$ -	\$ -	\$ 2,570,536
Insured cash accounts	503,960	-	-	503,960
	<u>\$ 3,074,496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,074,496</u>

Net investment income was comprised of the following for the year ended June 30, 2023:

Net unrealized gains	\$ 45,029
Net realized losses	(100,740)
Interest and dividends	333,323
	<u>\$ 277,612</u>

**6. Property, Plant and Equipment**

Property, plant and equipment consisted of the following at June 30, 2023:

Buildings	\$ 8,884,373
Ground ambulance equipment	11,430,077
Rotary wing equipment	6,857,642
Facility and dispatch equipment	8,252,227
Office furniture and fixtures	1,932,108
Land	1,490,753
Garage equipment	340,910
Facility improvements	838,779
	<u>40,026,869</u>
Total Property, Plant and Equipment	40,026,869
Less accumulated depreciation	<u>(26,278,520)</u>
	<u>\$ 13,748,349</u>

Depreciation and amortization expense was \$1,968,624 for the year ended June 30, 2023.

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**7. Right-of-Use (ROU) Assets and Lease Liabilities**

REMSA has a financing lease agreement for data center equipment. The lease was effective February 1, 2023, is for a term of 36 months and requires monthly payments of \$16,348 with interest at 3.91%. The remaining life of the lease agreement was 2.67 years at June 30, 2023. The following table shows ROU assets and ROU lease liabilities, and the associated financial statement line items, as of June 30, 2023,

	<u>Financial Statement Line Items</u>	<u>Amount</u>
Right-of-use assets:		
Finance leases	Right-of-use lease assets	<u>\$ 523,428</u>
Total right-of-use assets		<u><u>\$ 523,428</u></u>
Lease Liabilities:		
Finance leases	Right-of-use lease obligations, current portion	\$ 165,251
	Right-of-use lease obligations, net of current portion	<u>314,776</u>
Total lease liabilities		<u><u>\$ 480,027</u></u>
Lease liability maturities are as follows for the years ending June 30,		
	2024	\$ 196,174
	2025	196,174
	2026	114,435
	Thereafter	<u>-</u>
		506,783
	Less: Imputed interest	<u>(26,756)</u>
	Total lease liabilities	<u><u>\$ 480,027</u></u>



**8. Note Payable**

REMSA has a note payable due to a financial institution that is secured by a building. The note payable requires monthly payments of \$21,614 through June 26, 2028 and accrues interest at 3.05%. The note payable requires compliance with financial and other covenants. At June 30, 2023, REMSA was in compliance with all covenants.

The following table represents future principal payments for the years ending June 30:

2024	\$ 228,992
2025	236,256
2026	243,667
2027	251,309
2028	121,818
Thereafter	<u>-</u>
	<u>\$ 1,082,042</u>

**9. Income Taxes**

RASI, a wholly owned subsidiary of REMSA, is a Nevada corporation and is subject to federal and California income taxes. Nevada does not impose a corporate income tax. RASI had cumulative net operating losses of \$354,240 as of June 30, 2023 for federal income tax purposes. California net operating losses are considered to be immaterial. If not utilized, these loss carryovers will expire in the years ending June 30 as follows:

2026	\$ 130,748
2031	188,635
2036	742
2037	<u>34,115</u>
	<u>\$ 354,240</u>

REMSA's net deferred income taxes at June 30, 2023 were as follows:

Net operating loss carryforwards	\$ 74,390
Valuation allowance	<u>-</u>
Net deferred income taxes	<u>\$ 74,390</u>

Income tax expense consisted of the following at June 30, 2023:

State income taxes	\$ (800)
Deferred income taxes	<u>(14,120)</u>
Income Tax Expense	<u>\$ (14,920)</u>

Tax Returns Subject to Examination

RASI files income tax returns in the United States. These tax returns are subject to examination by taxation authorities provided the years remain open under the relevant statutes of limitations, which may result in the payment of income taxes. RASI is no longer subject to income tax examinations by US federal and state tax authorities for years ended June 30, 2019 and prior. While RASI believes that its tax filings do not include uncertain tax positions, the results of potential examinations or the effect of changes in tax law cannot be ascertained at this time. No tax years are currently under examination.

## **10. Defined Contribution Retirement Plans**

### REMSA Plan

REMSA maintains a tax-deferred annuity program for all eligible employees. Under the terms of the plan, REMSA can elect to make discretionary contributions. Employer contributions for the year ended June 30, 2023 were \$209,402.

### RASI Plan

RASI has a profit-sharing plan which is operated as a Safe-Harbor 401(k) Plan. The safe-harbor component is a contribution equal to 3% of eligible compensation, plus 50% of the amount of elective deferrals that exceed 3%, but do not exceed 5% of the participant's eligible compensation.

The employee is 100% vested in the safe-harbor money at the time of contribution. Under the terms of the plan, RASI can elect to make discretionary contributions. This contribution is based on compensation, approved by the Board, and subject to a four-year vesting plan. In addition, employees may defer up to 50% of eligible salary and up to 100% of bonuses. Employer contributions for the year ended June 30, 2023 were \$821,639.

## **11. Contingencies**

REMSA is subject to various claims and legal proceedings that arise in the ordinary course of its operational activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial position or results of operations of the entity.