

**OLD DOMINION EMERGENCY MEDICAL
SERVICES ALLIANCE, INC.
Richmond, Virginia**

**FINANCIAL STATEMENTS
June 30, 2007 and 2006**

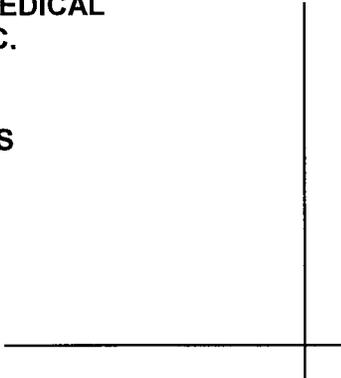


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Independent Auditor's Report

To The Board of Directors
Old Dominion Emergency Medical Services Alliance, Inc.
Richmond, Virginia

We have audited the accompanying statement of financial position of Old Dominion Emergency Medical Services Alliance, Inc. as of June 30, 2007, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Alliance's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Old Dominion Emergency Medical Services Alliance, Inc. as of June 30, 2006, were audited by other auditors whose report dated March 26, 2007, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the June 30, 2007 financial statements referred to above present fairly, in all material respects, the financial position of Old Dominion Emergency Medical Services Alliance, Inc. as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Clifton Gunderson LLP

Glen Allen, Virginia
August 29, 2008

FINANCIAL STATEMENTS

OLD DOMINION EMERGENCY MEDICAL SERVICES ALLIANCE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2007 and 2006

ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT ASSETS		
Cash	65,114	37,149
Accounts receivable	5,328	287,912
Other receivables	984	-
Prepaid expenses	8,599	62,139
Total current assets	80,025	387,200
 PROPERTY AND EQUIPMENT:		
Furniture and fixtures	23,965	23,285
Computer and copier equipment	27,729	59,666
Training equipment	187,650	148,974
Leasehold improvements	-	4,721
Vehicles	30,291	30,291
Total property and equipment	269,635	266,937
Less: Accumulated depreciation	(203,924)	(209,172)
	65,711	57,765
 TOTAL ASSETS	\$ 145,736	\$ 444,965

LIABILITIES AND NET ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT LIABILITIES		
Accounts payable	76,669	263,885
Unearned revenue	-	73,075
Accrued salaries	24,360	22,078
Payroll taxes payable	4,654	8,363
Other taxes payable	4,403	3,780
Notes payable	47,056	4,722
Total current liabilities	157,142	375,903
 NET ASSETS		
Unrestricted	(23,906)	45,062
Temporarily restricted	12,500	24,000
Total net assets	(11,406)	69,062
 TOTAL LIABILITIES AND NET ASSETS	\$ 145,736	\$ 444,965

The accompanying notes are an integral part of the financial statements.

OLD DOMINION EMERGENCY MEDICAL SERVICES ALLIANCE, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
UNRESTRICTED NET ASSETS		
Public Support and Revenue		
Public Support:		
Contributions	\$ 2,000	750
In-kind contributions	158,623	226,185
Total public support	160,623	226,935
Revenue:		
Grants	464,713	504,333
Training income	81,220	84,396
Website licensing	73,929	132,543
Interest income	102	102
Nerve agent kits	-	25,375
Miscellaneous income	15,782	4,127
Loss on disposal of capital assets	(4,830)	-
Total revenue	630,916	750,876
Total public support and revenue	791,539	977,811
Net assets released from restrictions:		
Satisfaction of program restrictions	11,500	-
Total unrestricted support and revenue	803,039	977,811
Expenses:		
Program services:		
Emergency medical services	775,564	895,634
Total program services	775,564	895,634
Fundraising	969	-
Management and general	95,474	88,180
Total expenses	872,007	983,814
Decrease in unrestricted net assets	(68,968)	(6,003)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Grants	-	4,000
Net assets released from restrictions	(11,500)	-
Change in temporarily restricted net assets	(11,500)	4,000
CHANGE IN NET ASSETS	(80,468)	(2,003)
NET ASSETS, BEGINNING OF YEAR	69,062	71,065
NET ASSETS, END OF YEAR	\$ (11,406)	\$ 69,062

The accompanying notes are an integral part of the financial statements.

OLD DOMINION EMERGENCY MEDICAL SERVICES ALLIANCE, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (80,468)	\$ (2,003)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	29,332	19,934
(Gain) loss on sale of property and equipment	4,830	-
Effects of changes in operating assets and liabilities:		
Accounts receivable	282,584	(244,880)
Other receivables	(984)	-
Prepaid expenses	53,540	6,030
Accounts payable	(187,216)	231,066
Unearned revenue	(73,075)	9,157
Accrued expenses	<u>(804)</u>	<u>(482)</u>
Net cash provided by operating activities	<u>27,739</u>	<u>18,822</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(42,108)	(36,462)
Proceeds from sale of property and equipment	<u>-</u>	<u>-</u>
Net cash used In investing activities	<u>(42,108)</u>	<u>(36,462)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	47,056	1,622
Repayments of note payable	<u>(4,722)</u>	<u>-</u>
Net cash provided by financing activities	<u>42,334</u>	<u>1,622</u>
NET INCREASE (DECREASE) IN CASH	27,965	(16,018)
CASH, BEGINNIING OF YEAR	<u>37,149</u>	<u>53,167</u>
CASH, END OF YEAR	<u>\$ 65,114</u>	<u>\$ 37,149</u>
SUPPLEMENTARY INFORMATION		
Interest Paid	<u>\$ 3,650</u>	<u>\$ 402</u>

The accompanying notes are an integral part of the financial statements.

OLD DOMINION EMERGENCY MEDICAL SERVICES ALLIANCE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended June 30, 2007

	<u>Program-EMS</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
EXPENSES				
Salaries - director	\$ 53,129	\$ 435	\$ 815	\$ 54,379
Salaries - other	132,368	-	28,666	161,034
Payroll taxes	14,343	34	2,279	16,656
Employee benefits	52,850	124	8,399	61,373
Fees - teaching	122,473	-	-	122,473
Website license	88,924	-	-	88,924
Aadvertising/public relations	1,745	4	874	2,623
Award ceremony and event costs	2,473	-	-	2,473
Scholarship awards	1,500	-	-	1,500
Postal services	6,149	14	978	7,141
Printing services	8,550	4	282	8,836
Telecommunications	13,709	32	2,179	15,920
Publications and subscriptions	934	2	149	1,085
Meetings and education	2,108	5	335	2,448
Professional fees	-	-	29,196	29,196
Equipment rental and maintenance	9,455	22	1,503	10,980
Vehicle repairs and maintenance	3,697	9	587	4,293
Travel expenses	14,754	35	2,344	17,133
Office supplies	15,732	37	2,500	18,269
Office/class rental and utilities	153,262	123	8,344	161,729
Insurance	6,000	14	954	6,968
Taxes and licenses	1,196	3	190	1,389
Bank fees	695	2	110	807
Miscellaneous	1,728	4	275	2,007
Interest expense	3,143	7	500	3,650
Training materials/supplies	30,002	-	-	30,002
Bad debts	9,387	-	-	9,387
Depreciation expense	25,258	59	4,015	29,332
TOTAL EXPENSES	<u>\$ 775,564</u>	<u>\$ 969</u>	<u>\$ 95,474</u>	<u>\$ 872,007</u>

The accompanying notes are an integral part of the financial statements.

OLD DOMINION EMERGENCY MEDICAL SERVICES ALLIANCE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended June 30, 2006

	<u>Program-EMS</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
EXPENSES			
Salaries - director	\$ 52,752	\$ 671	\$ 53,423
Salaries - other	98,639	26,496	125,135
Payroll taxes	11,695	2,099	13,794
Employee benefits	43,211	12,966	56,177
Fees - teaching	117,200	-	117,200
Website license	114,971	-	114,971
Mark 1 Kits	131,234	-	131,234
Advertising/public relations	5,845	596	6,441
Award ceremony & event costs	3,288	-	3,288
Scholarship awards	1,500	-	1,500
Postal services	6,249	1,875	8,124
Printing services	1,221	-	1,221
Telecommunications	12,989	3,898	16,887
Publications and subscriptions	800	240	1,040
Professional fees	-	8,377	8,377
Equipment rental and maintenance	10,414	3,125	13,539
Vehicle repairs and maintenance	4,040	1,212	5,252
Travel expenses	15,190	3,186	18,376
Office supplies	7,683	2,305	9,988
Office/class rental and utilities	214,373	13,740	228,113
Insurance	4,959	1,488	6,447
Taxes and licenses	559	168	727
Bank fees	366	110	476
Miscellaneous	1,865	560	2,425
Interest expense	1,556	467	2,023
Training materials/supplies	17,702	-	17,702
Depreciation expense	15,333	4,601	19,934
TOTAL EXPENSES	<u>\$ 895,634</u>	<u>\$ 88,180</u>	<u>\$ 983,814</u>

The accompanying notes are an integral part of the financial statements.

OLD DOMINION EMERGENCY MEDICAL SERVICES ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Old Dominion Emergency Medical Services Alliance, Inc. (the "Alliance"), located in Richmond, Virginia is a non-profit organization formed under provisions of the Emergency Medical Services System Act. A vital role of the Alliance is to assist in training and provide continuing education programs to establish and upgrade knowledge and skills of health personnel providing emergency medical services. A related responsibility is providing information to the public with regard to accessing the emergency medical services system. The Alliance is funded primarily through grants issued by the Office of Emergency Medical Services of the Commonwealth of Virginia, from area hospitals that indirectly benefit from the training provided by the Alliance, and emergency medical service providers who pay for education classes from the alliance.

Basis of Accounting

The preceding financial statements have been prepared on the accrual basis of accounting. This includes recording items as either prepaid or accrued, and accounts receivable and payable. Revenues are recognized when earned and expenses are recognized when incurred.

Recognition of Donor Restricted Contributions

Support that is restricted by the donor is reported as an increase in unrestricted net assets, if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Receivables

Receivables that are expected to be collected within a year are recognized at cost. Receivables that are expected to be collected beyond that date are discounted to reflect present value.

Property and Equipment

Assets with a cost in excess of \$500, with an estimated useful life exceeding one year are capitalized as property and equipment. Property and equipment are recorded at cost, or at fair market value for donated assets and are depreciated over the estimated useful life of each asset, ranging from three to thirty-nine years. Annual depreciation is computed using the straight-line method and accelerated methods.

Income Taxes

The Alliance is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of the State Code. The Alliance has also been classified as an entity that is not a private foundation within the meaning of Section 509(a). Therefore, no provision for income taxes has been made.

OLD DOMINION EMERGENCY MEDICAL SERVICES ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash equivalents include short-term, highly-liquid investments which are readily convertible into cash within ninety days of purchase.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2007 and 2006 are considered to be collectible within the year, and accordingly, have been recorded at cost. The Alliance uses the direct write-off method for recording bad debts; accordingly, no provisions is made for uncollectable receivables. Management believes all receivables are fully collectible and as such no allowance is necessary as of June 30, 2007 and 2006.

NOTE 3 – UNEARNED REVENUE

The Alliance receives revenue for its administration of an EMS diversion system on a calendar year basis. Unearned income represents monies it has received or is due for this system for services to be rendered through the calendar year. This service was discontinued as of December 31, 2006.

NOTE 4 – LOANS PAYABLE

In April 2007, the Alliance obtained a line of credit in the amount of \$75,000. Interest is accrued at the bank's prime rate, plus 2% and is payable on demand. The note is secured by the assets of the Alliance. As of June 30, 2007, the Alliance had borrowed \$47,056 on the line.

NOTE 5 – RESTRICTIONS ON NET ASSETS

The Alliance received a grant of \$20,000 during fiscal year ended June 30, 2005 to be used for the State EMT accreditation-intermediate program. As of June 30, 2007, two of the four accreditations were completed, and the \$10,000 of funds were released.

Additionally, during the fiscal year ended June 30, 2006, the Alliance received a contribution of \$4,000, restricted for purposes of scholarships. As of June 30, 2007, \$1,500 of these funds had been awarded in scholarships.

NOTE 6 – CONCENTRATIONS

The Alliance has several grants with the Commonwealth of Virginia. The amount of these grants for fiscal years ended June 30, 2007 and 2006 were \$464,713 and \$504,333, respectively.

OLD DOMINION EMERGENCY MEDICAL SERVICES ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 6 – CONCENTRATIONS (CONTINUED)

In 2006, the Alliance received a grant from the Commonwealth of Virginia to provide nerve agent kits to the ambulances in its planning districts. The cost of these kits was \$132,759, including the labor provided by the Alliance.

NOTE 7 – CONTRIBUTIONS IN-KIND

Contributions in-kind represent nonmonetary donations of space, materials and capital assets which have been received by the Alliance. For the years ended June 30, 2007 and 2006, the Alliance used office space donated by a local hospital. The fair market value of these office rents for the years ended June 30, 2007 and 2006 was \$57,600 for each of the years. Training services and meeting space were also donated during the fiscal years ended June 30, 2007 and 2006 and have been valued at their fair market values for a total of \$100,760 and \$163,585, respectively.

NOTE 8 – FUNCTIONAL EXPENSES

The costs of providing the various programs and other activities have been summarized in the Statements of Activities. Expense related statistics were used to measure the proportions attributable to each program or supporting service.

NOTE 9 – BAD DEBTS

The Alliance wrote off uncollectible amounts of \$6,555 in receivables relating to billings for a diversion system and \$500 relating to anti-nerve agent kits. Additionally, it wrote off as uncollectible \$2,332 for equipment purchased under a grant, where the request for reimbursement was not submitted until after the grant period had expired.

NOTE 10 – RETIREMENT PLAN

The Alliance has a noncontributory pension for its full-time employees. The pension expense for this plan is \$16,973 and \$14,534 for the years ended June 30, 2007 and 2006, respectively.

NOTE 11 – OPERATING LEASES

At June 30, 2007, the Alliance has the following leases:

The Alliance entered into a four-year noncancelable operating lease in June 2004 for the use of a vehicle. The annual rent under this lease is \$5,927 for the years ended June 30, 2007 and 2006.

Effective October 1, 2004, the Alliance entered into a lease for occupancy of space for its operations with Chippenham Johnston-Willis Hospital. The terms of the lease are year-to-year, with the Alliance paying \$1 per year, until such time as one or both parties decide to enter into a long-term lease agreement.

OLD DOMINION EMERGENCY MEDICAL SERVICES ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 11 – OPERATING LEASES (CONTINUED)

The Alliance rents land in Farmville for a communications tower located on the land. The term of the lease is five years, effective April 1, 2007. The future minimum lease payments are \$6,000 per year and is payable in monthly installments. Additionally, the lease contains a provision for renewal for three additional five-year periods, with a 10% rental increase for each renewal period. The rent expense associated with this lease for the years ended June 30, 2007 and 2006 was \$2,175 and \$900, respectively.

The future minimum lease payments for the year ended June 30, of the Alliance are as follows:

2008	\$ 16,153
2009	10,225
2010	8,946
2011	8,520
2012	<u>4,920</u>
Total	<u>\$ 48,764</u>

NOTE 12 – RELATED PARTY TRANSACTIONS

The Alliance paid the remaining balance of a loan for working capital purposes provided by their former Executive Director. The total amount of the payments for principal and interest associated with this loan for the years ended June 30, 2007 and 2006 were \$7,609 and \$0, respectively. The balance of the loan was \$0 and \$4,722 as of June 30, 2007 and 2006, respectively.

NOTE 13 – OTHER ISSUES

The Alliance is currently in a net deficit position, and anticipates another loss in the next fiscal year. These losses are the result of contracts entered into for which funds have not yet been billed or collected, along with increased costs of operations. Management has addressed some of these issues through cuts in spending, which are expected to result in \$32,000 of savings through the end of the next fiscal year. Additionally, the Board intends to solicit contributions from the localities, hospitals and private urgent care centers it serves. The Board anticipates receipts of approximately \$75,000 from the fundraising campaign. The combination of these spending cuts and solicitations are expected to enable the Alliance to pay its obligations as they become due through the end of the next fiscal year.