

Audited Financial Statements

Lisbon Emergency, Inc.

June 30, 2023



Proven Expertise & Integrity

LISBON EMERGENCY, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lisbon Emergency, Inc.
Wells, Maine

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lisbon Emergency, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities and cash flows for the year 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 Lisbon Emergency, Inc. 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 Financial Statements section of our report. We are required to be independent of Lisbon Emergency, Inc. 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 opinions.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principle 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 Lisbon Emergency, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of 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 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 misstatements 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 controls 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 Lisbon Emergency, 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 doubt about Lisbon Emergency, 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.

RHR Smith & Company

Buxton, Maine
November 16, 2023

LISBON EMERGENCY, INC.

STATEMENT OF FINANCIAL POSITION
JUNE 30,

	<u>2023</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 333,541
Accounts receivable - patients, net of allowance for uncollectibles	645,230
Prepaid items	2,690
Total current assets	<u>981,461</u>
Noncurrent assets:	
Capital assets:	
Buildings and equipment, net of accumulated depreciation	482,284
Total capital assets	<u>482,284</u>
TOTAL ASSETS	<u>\$ 1,463,745</u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Current liabilities:	
Accounts payable	\$ 1,849
Current portion of long-term obligations	96,947
Total current liabilities	<u>98,796</u>
TOTAL LIABILITIES	<u>98,796</u>
Net assets:	
Without external source restrictions	<u>1,364,949</u>
TOTAL NET ASSETS	<u>1,364,949</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,463,745</u>

See accompanying independent auditor's report and notes to financial statements.

LISBON EMERGENCY, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30,

	<u>2023</u>
REVENUES	
Support from Town	\$ 446,169
Service revenue	821,596
Donations	121
Miscellaneous	8,478
Investment income (loss)	<u>(103)</u>
TOTAL REVENUES	<u>1,276,261</u>
EXPENSES	
Payroll	709,364
Employee benefits	9,860
Public relations and community outreach	678
Professional fees	86,403
Bank fees	1,191
EMS operations	126,109
Office	7,419
Scheduling software	6,349
Village expenses	17,836
Depreciation	<u>47,923</u>
TOTAL EXPENSES	<u>1,013,132</u>
CHANGE IN NET ASSETS	263,129
NET ASSETS - JULY 1	<u>1,101,820</u>
NET ASSETS - JUNE 30	<u>\$ 1,364,949</u>

See accompanying independent auditor's report and notes to financial statements.

LISBON EMERGENCY, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30,

	2023
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 263,129
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	47,923
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in accounts receivable - patients	(234,931)
(Increase) decrease in prepaid items	(2,690)
Increase (decrease) in accounts payable	1,849
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>75,280</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payments on long-term debt	<u>(92,123)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>(92,123)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(16,843)</u>
CASH AND CASH EQUIVALENTS - JULY 1	<u>350,384</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 333,541</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	<u>\$ 3,358</u>

See accompanying independent auditor's report and notes to financial statements.

LISBON EMERGENCY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Lisbon Emergency, Inc. is a non-profit Maine Corporation organized to render emergency first aid, medical assistance and transportation in the event of accident, illness or civil emergency to the citizens and guests of the Town of Lisbon, Maine and the Town of Bowdoin, Maine, on a 24-hour per day basis.

Implementation of New Accounting Standards

During the year ended June 30, 2023, the following accounting standards updates issued by the Financial Accounting Standards Board became effective:

2020-08 Codification Improvements to Subtopic 310-20, Receivables - Nonrefundable Fees and Other Costs, 2020-10 Codification Improvements, 2021-04 Earnings Per Share (Topic 260), Debt - Modifications and Extinguishments (Subtopic 470-50), Compensation - Stock Compensation (Topic 718), and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options (a consensus of the FASB Emerging Issues Task Force, 2021-10 Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance.

Management has determined the impact of these updates are not material to the financial statements.

Basis of Accounting

The accounts of the Organization have been prepared on the accrual basis of accounting.

Display of Net Assets by Class

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions in accordance with the provisions of FASB ASU No. 2016-14. Net assets are classified as follows:

Without external source restricted net assets - Net assets that are not subject to donor-imposed stipulations.

With external source restrictions net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization

LISBON EMERGENCY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and/or the passage of time. When a donor restriction expires, that is, when stipulated time restriction ends or purpose restriction is accomplished, with external source restricted net assets are reclassified to without external source restricted net assets and reported in the statement of activities as net assets released from restrictions.

Net assets accumulated by Lisbon Emergency, Inc. that are not subject to donor-imposed restrictions, but which the Board of Directors of the Organization have earmarked for specific uses, shall be segregated in the accounting records as "board-designated" funds within the without external source restrictions category of net assets.

Restricted contributions whose restrictions are met in the year the contribution is received are reported as without external source restrictions. Accordingly, as of and for the years ended June 30, 2023, the Organization had no external source restricted net assets.

Cash and Cash Equivalents

For financial statement reporting purposes, cash and cash equivalents are defined as all bank deposits with original maturities of three months or less.

Receivables

Accounts receivable from other agencies are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts on an annual basis. Management determines the allowance for doubtful accounts by using historical experience applied to an aging of accounts receivable. Accounts receivable from other agencies are written off with board approval when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. The allowance for uncollectible accounts was estimated to be \$191,293 as of June 30, 2023. Accounts receivable netted with allowances for uncollectible accounts was \$645,230 for the year ended June 30, 2023.

Support and Contributions

Support and contributions are received and recorded as increases in net assets without external source restrictions or net assets with external source restrictions, depending on the existence and/or nature of any donor restrictions.

LISBON EMERGENCY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Fixed Assets

Fixed assets purchased, acquired or donated with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

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.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: with external source restrictions and without external source restrictions.

NOTE 2 - CASH AND CASH EQUIVALENTS

The Organization maintains cash balances in three financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Share Insurance Fund (NCUSIF) up to \$250,000. During the year, the bank balances did not exceed the FDIC or NCUSIF limit. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant risk on cash.

At June 30, 2023, the Organization's cash balance of \$333,541 was comprised of bank deposits amounting to \$337,922. Bank deposits are adjusted primarily by

LISBON EMERGENCY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

outstanding checks and deposits in transit to reconcile to the Organization's cash balance.

Cash and cash equivalents as of June 30, 2023 consisted of the following:

Account Type	Bank Balance
Checking accounts	\$ 86,837
Savings accounts	119,978
Money market accounts	131,107
	<u>\$ 337,922</u>

NOTE 3 - CASH LIQUIDITY

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments primarily in interest bearing accounts.

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

Cash and cash equivalents	\$ 333,541
Accounts receivable - patients, net of allowance	645,230
	<u>\$ 978,771</u>

NOTE 4 - ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS RECEIVABLE

Allowances for uncollectible accounts receivable are maintained on certain receivables that historically experience collectible amounts. Allowances are based on collection experience and management's evaluation of the current status of those receivables. The allowance for uncollectible accounts receivable was estimated to be \$191,293 at June 30, 2023.

LISBON EMERGENCY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - FIXED ASSETS

The following is a summary of changes in fixed assets for the year ended June 30, 2023:

	Balance, 7/1/22	Additions	Disposals/ Transfers	Balance, 6/30/23
Depreciated assets:				
Buildings and improvements	\$ 289,900	\$ -	\$ -	\$ 289,900
Equipment	385,294	-	-	385,294
Vehicles	418,198	-	-	418,198
	1,093,392	-	-	1,093,392
Less: accumulated depreciation	(563,185)	(47,923)	-	(611,108)
Net fixed assets	530,207	(47,923)	-	482,284
Total net assets	\$ 530,207	\$ (47,923)	\$ -	\$ 482,284

NOTE 6 - LONG-TERM LIABILITIES

The Organization's long-term liabilities consist of the following:

	2023
\$290,390, Lease payable issued in June of 2022 to Aroostook Savings and Loan for an ambulance, due in 3 annual installments with interest and principal payments of \$98,481 at a fixed interest rate of 1.75%. Secured by a vehicle.	<u>\$ 96,787</u>

The future scheduled maturities of long-term liabilities are as follows:

	Principal	Interest	Total
2024	\$ 96,787	\$ 1,694	\$ 98,481
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
	<u>\$ 96,787</u>	<u>\$ 1,694</u>	<u>\$ 98,481</u>

LISBON EMERGENCY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - OPERATING LEASES

The Organization has an ongoing lease agreement for equipment. \$38,032, lease payable issued in December of 2020 to Flex Financial for a MTS power loader, due in 3 annual installments of \$12,677 with no interest. Secured by equipment.

Future minimum lease payment for the next year ending June 30 is as follows:

2024	\$	<u>12,677</u>
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NOTE 8 - INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from a tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Management believes that there were no potential sources of unrelated business taxable income subject to tax for the year ended June 30, 2023. Accordingly, no provision for income taxes has been made.

The Organization files its forms 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Maine. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2020.

NOTE 9 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events as of November 16, 2023 with no events of significance having taken place since the fiscal year end.