

HUNTSVILLE-MADISON COUNTY  
RESCUE SQUAD, INC.

FINANCIAL STATEMENTS

December 31, 2015

**Dyer & Smith, LLC**  
Certified Public Accountants

112 South Side Square, Ste F  
Huntsville, AL 35801

Telephone: 256.536.1020 Facsimile: 256.536.1030

[www.dyerandsmith.com](http://www.dyerandsmith.com)

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Thomas T. Dyer  
J. Kevin Smith

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### Independent Auditors' Report

To the Board of Directors  
Huntsville-Madison County Rescue Squad, Inc.  
Huntsville, Alabama

We have audited the accompanying financial statement of Huntsville-Madison County Rescue Squad, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Huntsville-Madison County Rescue Squad, Inc. as of December 31, 2015, 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.

*Dyer & Smith, LLC*

Dyer & Smith, LLC  
Certified Public Accountants  
February 28, 2017

HUNTSVILLE-MADISON COUNTY RESCUE SQUAD, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$	18,810
Accounts Receivable		-0-
Prepaid Insurance		1,772
Total Current Assets		<u>20,582</u>

PROPERTY AND EQUIPMENT:

Building		85,774
Equipment		71,325
Vehicles		492,980
		<u>650,079</u>
Less: Accumulated Depreciation		611,847
Net Property and Equipment		<u>38,232</u>

TOTAL ASSETS \$ 58,814

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$	-0-
Current Maturities of Long Term Debt		22,354
Total Current Liabilities		<u>22,354</u>

LONG-TERM DEBT:

Notes Payable		30,176
Less: Current Portion		( 22,354)
		<u>7,822</u>

TOTAL LIABILITIES 30,176

NET ASSETS:

Unrestricted		28,638
Temporarily Restricted		-0-
Permanently Restricted		-0-
TOTAL NET ASSETS		<u>28,638</u>

TOTAL LIABILITIES AND NET ASSETS \$ 58,814

HUNTSVILLE-MADISON COUNTY RESCUE SQUAD, INC.

STATEMENT OF ACTIVITY

For the year Ended December 31, 2015

<u>UNRESTRICTED SUPPORT AND REVENUE:</u>	Unrestricted	Temporarily Restricted	Total
<u>Support:</u>			
Madison County Commission	\$ 18,900	\$ -0-	\$ 18,900
Fundraising Revenues			
Photo Shoot - Net of Expenses of \$5,184	6,136		6,136
Donated Use of Land by Madison County	60,000		60,000
Combined Federal Campaign/United Way	2,598		2,598
Grants - Wal Mart	2,500		2,500
Grants - CAS Cares	2,000		2,000
Grants and Contributions	16,911		16,911
T-shirt Sales, net of cost of \$2,259	2,648		2,648
Net assets released from restrictions		-0-	-0-
Total Unrestricted Support	<u>111,693</u>	<u>-0-</u>	<u>111,693</u>
<u>Revenue:</u>			
AARS/TARS Dues	600		600
Uniform Items	1,529		1,529
CPR Training	680		680
Interest Income	14		14
Miscellaneous	726		726
Total Unrestricted Revenue	<u>3,549</u>	<u>-0-</u>	<u>3,549</u>
Total Unrestricted Support & Revenue	<u>115,242</u>	<u>-0-</u>	<u>115,242</u>
<u>EXPENSES AND LOSSES:</u>			
Program Services	138,286		138,286
General and Administrative	5,369		5,369
Fundraising Expenses	-0-		-0-
Total Expenses and Losses	<u>143,655</u>	<u>-0-</u>	<u>143,655</u>
DECREASE IN NET ASSETS FROM OPERATIONS	<u>( 28,413)</u>	<u>-0-</u>	<u>( 28,413)</u>
<u>OTHER INCOME (EXPENSES)</u>			
Sale of Surplus Equipment	<u>-0-</u>		<u>-0-</u>
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
DECREASE IN NET ASSETS	<u><u>\$( 28,413)</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$( 28,413)</u></u>

HUNTSVILLE-MADISON COUNTY RESCUE SQUAD, INC.

STATEMENT OF NET ASSETS

For the year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
NET ASSETS, December 31, 2013	\$ 65,051	\$ -0-	\$ -0-
Prior Period Adjustments	( 8,000)		-0-
	<u>57,051</u>	<u>-0-</u>	<u>-0-</u>
Decrease in Net Assets	( 28,413)	-0-	-0-
	<u>28,638</u>	<u>-0-</u>	<u>-0-</u>
NET ASSETS, December 31, 2014	<u>\$ 28,638</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

HUNTSVILLE-MADISON COUNTY RESCUE SQUAD, INC.

STATEMENT OF CASH FLOWS

For the year Ended December 31, 2015

INCREASE IN NET ASSETS FROM OPERATIONS	\$( 28,413)
CASH FLOWS FROM OPERATING ACTIVITIES	
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	33,672
Change in Accounts Receivable	-0-
Change in Prepaid Expense	6,137
Change in Accounts Payable	-0-
Net Adjustments	<u>39,809</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>11,396</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	-0-
Proceeds from Sale of Assets	<u>-0-</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>-0-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceed from Borrowing	-0-
Payments on Notes	<u>( 21,792)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>( 21,792)</u>
NET CHANGE IN CASH	( 10,396)
Cash and Cash Equivalents - December 31, 2014	<u>29,206</u>
Cash and Cash Equivalents - December 31, 2015	<u><u>\$ 18,810</u></u>

SUPPLEMENTAL DISCLOSURE:

Cash paid for interest	<u><u>\$ 1,811</u></u>
Non cash Income	<u><u>\$ 60,000</u></u>
Non cash Expense	<u><u>\$ 60,000</u></u>



HUNTSVILLE-MADISON COUNTY RESCUE SQUAD, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year Ended December 31, 2015

	Program Service	General and Administrative	Fundraising	Total
AARS/TARS Dues	\$ 1,565	\$ -0-	\$ -0-	\$ 1,565
Depreciation	33,672			33,672
Equipment Maintenance & Repairs	771			771
Facility Maintenance & Repairs	634			634
Vehicle Maintenance & Repairs	8,889			8,889
Fuel & Fluids	2,320			2,320
Insurance	20,180	4,966		25,146
Interest	1,811			1,811
Miscellaneous				-0-
Office Expense	241	403		644
Professional Fees				-0-
Training & Conferences	245			245
Uniforms and Protective Equipment	232			232
Utilities & Telephone	7,726			7,726
Donated Use of Facilities by Madison County	60,000			60,000
	<u>\$ 138,286</u>	<u>\$ 5,369</u>	<u>\$ -0-</u>	<u>\$ 143,655</u>

HUNTSVILLE-MADISON COUNTY RESCUE SQUAD, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The Huntsville-Madison County Rescue Squad, Inc. (The Rescue Squad) was organized in 1976 to assist city, county, state, and federal law enforcement agencies, Federal Emergency Management Agency, civic organizations, businesses and the general public, either as a group or individually in the primary area of vehicle rescue and in the secondary areas of rescue, first response, search, and recovery. The Rescue Squad is entirely a volunteer effort and does not demand payment, monetary or material, for services rendered. The Board of Directors is nominated and elected from within the membership of the Rescue Squad and as otherwise provided for in the corporate by-laws.

Basis of Accounting

The organization prepares its financial statements on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions.

Financial Statement Presentation

Financial statement presentation follows Accounting Standards Codification (ASC) 958-205, Not-For-Profit Entities, Financial Presentation. Under the ASC 958-205, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the organization is required to present a statement of cash flows.

In order to observe restrictions which donors place on grants and other gifts, as well as designations made by the Board of Directors, all assets, liabilities and activities are accounted for in the following net asset classifications:

Unrestricted Net Assets – not subject to donor-imposed restrictions. Unrestricted net assets may be designated for a specific purpose or location by actions of the Board of Directors.

Temporarily Restricted Net Assets – subject to donor-imposed stipulations that may be fulfilled by actions of the organization to meet the stipulations or become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets – subject to donor-imposed stipulations that they be retained and invested permanently by the organization. The donors require the organization to use all or part of the investment return

Support and revenue are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions that are not fulfilled in the accounting period. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. The Organization chooses to show restricted contributions (including contributions of long-lived assets) whose restrictions are met in the same reporting period as unrestricted contributions.

All expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets, that is, the expiration of the donor-imposed stipulated purpose or the elapsing of the specified time period, are reported as reclassifications of net assets.

HUNTSVILLE-MADISON COUNTY RESCUE SQUAD, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash & Cash Equivalents

The Rescue Squad, Inc. considers all cash and highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost or fair market value if donated. It is the Organization's policy to capitalize property and equipment over \$5,000. Lesser amounts are expensed. Donations property and equipment are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation and amortization are calculated using the straight-line method based on estimated useful lives of three to thirty years. When assets are retired, the assets and related accumulated depreciation are removed from the respective accounts and any profit or loss due to the disposition is credited or charged to income.

Gifts of long-lived assets are reported as unrestricted support unless subject to donor stipulations.

Promises to Give

Pursuant to ASC 958-605-25, The Rescue Squad records contributions as unrestricted unless specifically restricted by the donor. Contributions that are restricted by the donor, including the contribution of long-lived assets, are reported as increases in unrestricted net assets if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends, or the purpose of the restriction is accomplished, temporary net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Non-cash contributions are recorded at their fair value on the date of receipt where such value is determinable. Non-cash contributions with no clearly measurable basis for determining their value are not recorded. Contributions in kind are recorded as income and recognized as expense based upon management's estimate of the fair market value.

The Organization uses the allowance method to determine uncollectable unconditional promises receivable. The allowance is based on prior experience and management's analysis of specific promises made. The balance of promises receivable and the allowance for uncollectable promises are both zero, (-0-) at December 31, 2015.

Donated Services

The Rescue Squad receives donated services from a variety of unpaid volunteers assisting the organization in conducting its activities. No amounts have been recognized in the accompanying statement of activity because the criteria for recognition of such volunteer efforts under ASC 958-605-25-16 have not been satisfied. Volunteers are subject to the provisions of the corporate by-laws adopted April 14, 1999 and as amended. More specifically, new members must participate in and successfully complete a ninety-day training phase to learn squad policies, procedures, and rescue techniques. The estimated value of services from volunteers is \$660,000.

HUNTSVILLE-MADISON COUNTY RESCUE SQUAD, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Federal Income Taxes

The Rescue Squad is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

The organization has been determined by the Internal Revenue Service not to be a "Private Foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There is no unrelated business income for 2015.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the period. Actual results could differ from those estimates.

Donated Land

The Rescue Squad's building and equipment are located on land owned by the Madison County, Alabama, County Commission. Rescue Squad pays no rent to the Madison County Commission and may continue to utilize the land provided operations continue as described above. However, should operations terminate, the land and improvements revert to the Madison County Commission. The value of this use is recognized in the accompanying statement of activity at \$60,000.

Concentrations of Credit Risk

The Rescue Squad maintains its cash balances in one financial institution located in Huntsville, Alabama. The Federal Deposit Insurance Corporation insures up to \$250,000 of the balances. At December 31, 2015, the Organization had no uninsured cash balances.

Functional Expenses

Expenses are charged to each program based on direct expenses incurred. Any program expenses not directly chargeable are allocated to a program based on units of service and support costs are allocated to a program based on total program costs.

HUNTSVILLE-MADISON COUNTY RESCUE SQUAD, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 2015

NOTE 2 - PROPERTY AND EQUIPMENT

The following is a summary of changes in property and equipment during the year:

	Balance December 31, 2014	Additions	Retirements	Other	Balance December 31, 2015
Land and Buildings	\$ 85,774	\$ -0-	\$ -0-	\$ -0-	\$ 85,774
Equipment	71,325	-0-	-0-	-0-	71,325
Vehicles	492,980	-0-	-0-	-0-	492,980
	<u>\$ 650,079</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 650,079</u>

Changes in accumulated depreciation for the year are as follows:

	Balance December 31, 2014	Expense	Retirements	Other	Balance December 31, 2015
Land and Buildings	\$ 76,090	\$ 2,192	\$ -0-	\$ -0-	\$ 78,282
Equipment	59,860	2,808	-0-	-0-	62,668
Vehicles	434,225	28,672	-0-	8,000	470,897
	<u>\$ 570,175</u>	<u>\$ 33,672</u>	<u>\$ -0-</u>	<u>\$ 8,000</u>	<u>\$ 611,847</u>

The \$8,000 other adjustment was a correction of the accumulated depreciation through December 31, 2014.

During the year, \$33,672 was charged to depreciation expense.

NOTE 3 – NOTES PAYABLE

Long-term debt at December 31, 2015 is as follows:

Capital lease payable in 48 payments of \$1,589.49 at 3.36% interest, secured by rescue vehicle.  
The lease contains an option to purchase the vehicle at any time. \$ 22,642

Capital lease payable in 48 payments of \$339.00 at 7.44% interest. Secured by radios. 7,534  
\$ 30,176

Minimum Future Lease payments	Principle	Payments
2016	\$ 22,354	\$ 23,142
2017	7,822	8,003
Thereafter	-0-	-0-
	<u>\$ 30,176</u>	<u>\$ 31,145</u>

NOTE 4 – SUBSEQUENT EVENTS

Subsequent events were evaluated through February 28, 2017, the date the financial statements were available to be issued.

HUNTSVILLE-MADISON COUNTY RESCUE SQUAD, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 2015

NOTE 5 – PRIOR PERIOD ADJUSTMENTS

Prior period adjustments of \$8,000 were recorded to correct accumulated depreciation for error in recording the depreciation on two outboard motors that were recorded as transportation equipment (vehicles) but had no depreciation recorded against them. They should have been fully depreciated in 2012.

NOTE 6 – CONTINGENCIES

The Organization has been determined to be exempt from taxation in the U.S. and Alabama. As of December 31, 2015, the Organization's tax years for 2012, 2013 and 2014 are subject to examination by the tax authorities. With few exceptions, as of December 31, 2015, the Organization is no longer subject to U.S. federal, state, or local examinations by tax authorities for years before 2012.