

BLACKSBURG VOLUNTEER RESCUE
SQUAD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2016

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Blacksburg Volunteer Rescue Squad

We have audited the accompanying financial statements of Blacksburg Volunteer Rescue Squad (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, 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

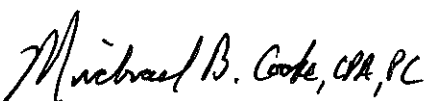
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 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 Blacksburg Volunteer Rescue Squad as of June 30, 2016, 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.



Blacksburg, Virginia
December 16, 2016

BLACKSBURG VOLUNTEER RESCUE SQUAD

STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2016

ASSETS

CURRENT ASSETS:

Cash and cash equivalents - unrestricted	\$ 510,945
Certificates of deposit - unrestricted	14,219
Investments	700,459
Total Current Assets	<u>1,225,623</u>

FIXED ASSETS:

Equipment and furniture	51,810
Less: accumulated depreciation	(1,341)
Total Fixed Assets, Net	<u>50,469</u>

TOTAL ASSETS	<u>\$ 1,276,092</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 197,292
Total Current Liabilities	<u>197,292</u>

TOTAL LIABILITIES	<u>197,292</u>
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NET ASSETS:

Unrestricted net assets	
Operating	1,069,884
Board Designated	8,916
Temporarily restricted net assets	-
Permanently restricted net assets	-
Total Net Assets	<u>1,078,800</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,276,092</u>
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See accompanying notes to financial statements.

BLACKSBURG VOLUNTEER RESCUE SQUAD

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

UNRESTRICTED NET ASSETS

UNRESTRICTED SUPPORT AND REVENUE:

Montgomery County contributions	\$ 132,717
United Way contributions	14,779
Fund drive	59,157
Other donations	33,311
Interest and Dividends	19,072
In-kind contributions	341,114
Realized gain (loss) on investments	(7,483)
Unrealized gain (loss) on investments	22,934
Total Unrestricted Support and Revenue	<u>615,601</u>

EXPENSES:

Banking fees	5,454
Depreciation	1,341
Dues and subscriptions	373
Equipment - titled to others	23,313
Gifts and memorials	4,112
Heavy technical rescue	29,112
In-kind expenses	341,114
Laundry	33
Miscellaneous expense	(3,226)
Postal service	3,366
Professional services	6,900
Repairs	241
Social and special events	7,003
Supplies - general	269,226
Supplies - office	2,053
Telephone and communications	15,618
Training and travel	14,823
Uniforms	3,476
Vehicle services, contracts, and repairs	4,591
VA death benefits	451
Total Expenses	<u>729,374</u>

CHANGE IN UNRESTRICTED NET ASSETS (113,773)

TEMPORARILY RESTRICTED NET ASSETS

None -
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS -

PERMANENTLY RESTRICTED NET ASSETS

None -
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS -

CHANGE IN NET ASSETS (113,773)

NET ASSETS AT BEGINNING OF YEAR 1,192,573
NET ASSETS AT END OF YEAR \$ 1,078,800

See accompanying notes to financial statements.

BLACKSBURG VOLUNTEER RESCUE SQUAD

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (113,773)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:	
Depreciation and amortization	1,341
Unrealized (gain) loss on investments	(22,934)
Realized (gain) loss on investments	7,483
Amortization of bond premium	1,209
Accrued interest income	(103)
Increase (decrease) in:	
Accounts payable	191,438
Net Cash Provided (Used) by Operating Activities	<u>64,661</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	(51,810)
Proceeds from sales of investments	63,135
Securities purchased	(95,801)
Net Cash Provided (Used) by Investing Activities	<u>(84,476)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

None	-
Net Cash Provided (Used) by Financing Activities	<u>-</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (19,815)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 530,760

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 510,945

SUPPLEMENTAL INFORMATION:

Interest expense	\$ 1,209
Income taxes	None

See accompanying notes to financial statements.

BLACKSBURG VOLUNTEER RESCUE SQUAD

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Blacksburg Volunteer Rescue Squad (the Organization) is a completely volunteer organization that provides pre-hospital emergency care to the sick and injured and performs rescue and extrication services for trapped and injured victims.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

C. Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At June 30, 2016, the Organization had \$54,583 of deposits in excess of Federal Deposit Insurance Corporation insured limits.

D. Support and Revenue

The Blacksburg Volunteer Rescue Squad receives the majority of its support and revenue from four sources: The United Way, Montgomery County, the Town of Blacksburg, and other public donations.

E. Revenue Recognition

Contributions received are recorded as permanently restricted, temporarily restricted, or unrestricted revenue, depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

F. Property and Equipment

The Town of Blacksburg and Montgomery County own the majority of the Organization's fixed assets: including vehicles, rescue and first aid equipment, and the building in which the Organization operates. Other equipment purchased by the Organization is replaced or upgraded on a regular basis, therefore, fixed assets are rarely capitalized.

During the current year, the Organization moved into a new building. The new building was outfitted with furniture and equipment that was purchased by the Organization. All purchases over \$5,000 are capitalized and depreciated on a straight-line basis over useful lives as follows:

Furniture & Equipment 10 years

G. Functional Allocation of Expenses

The Statement of Activities reflects the functional expenses of the Blacksburg Volunteer Rescue Squad.

BLACKSBURG VOLUNTEER RESCUE SQUAD

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued...

H. 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.

I. Income Taxes

The Organization 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.

J. Net Assets

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities. Under ASC Topic 958, 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.

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may, or will, be met by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations requiring they be maintained permanently by the Organization.

K. Investments

Investments in marketable securities with readily determinable fair values and all investments in equity securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in unrestricted net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Investments consist of equity securities.

2. CONCENTRATIONS

Because a large percentage of support and revenue received by the Organization comes from a few sources, the Organization is vulnerable to the risk of a near-term severe impact on its operations if events cause the loss of this support and revenue. It must always be considered at least reasonably possible that such could happen.

3. INVESTMENTS

The Organization held \$700,459 in marketable equity securities and \$14,219 in certificates of deposit, at June 30, 2016. Marketable equity securities are stated at fair value using Level 1 inputs (quoted prices for similar assets) as defined by the Financial Accounting Standards Board. Gains and losses on investments are considered increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

BLACKSBURG VOLUNTEER RESCUE SQUAD

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

3. INVESTMENTS, continued...

Cost basis all investments	6/30/2015	Change	6/30/2016
Common Stock	\$ 423,208	\$ 15,400	\$ 438,608
Corporate Bonds	225,862	8,573	234,435
Cash Equivalents	42,844	(19,468)	23,376
Total Cost Basis	<u>\$ 691,914</u>	<u>\$ 4,505</u>	<u>\$ 696,419</u>

Fair market value all investments	6/30/2015	Change	6/30/2016
Common Stock	\$ 428,766	\$ 30,769	\$ 459,535
Corporate Bonds	224,786	16,138	240,923
Cash Equivalents	42,844	(19,468)	23,376
Total Fair Market Value	<u>\$ 696,395</u>	<u>\$ 27,440</u>	<u>\$ 723,835</u>

Detail of change in fair market value for year ended 6-30-16

	Stocks & Bonds	Cash	Total
Purchases	\$ 95,801	\$ (95,801)	\$ -
Sale of investments-realized gain(loss)	(70,618)	63,135	(7,483)
Earnings	-	18,120	18,120
Withdrawals and reconciliations	-	391	391
Amortization of Bond Premium	(1,209)	-	(1,209)
Investment fees	-	(5,312)	(5,312)
Unrealized gain (loss)	22,934	-	22,934
Total Change in Fair Market Value	<u>\$ 46,907</u>	<u>\$ (19,468)</u>	<u>\$ 27,440</u>

The following schedule summarizes the investment return and its classification, for the year ended June 30, 2016, in the Statement of Activities:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest earned	\$ 7,786	\$ -	\$ -	\$ 7,786
Dividends reinvested	11,286	-	-	11,286
Realized gains (losses)	(7,483)	-	-	(7,483)
Unrealized gains (losses)	22,934	-	-	22,934
	<u>\$ 34,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,523</u>

4. FAIR VALUE MEASUREMENTS

Fair value for investments is determined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three-level fair value hierarchy prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

BLACKSBURG VOLUNTEER RESCUE SQUAD

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

4. FAIR VALUE MEASUREMENTS, continued...

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Organization is providing the following fair value information related to its investments for the year ended June 30, 2016:

	Fair Value Measurements at 06/30/16	Level 1	Level 2	Level 3
Investments	\$ 723,835	\$ 723,835	\$ -	\$ -

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2016:

	Balance at 6/30/2015	Increases	Decreases	Balance at 6/30/2016
<u>Depreciable assets:</u>				
Furniture and equipment	\$ -	\$ 51,810	\$ -	\$ 51,810
Less: accumulated depreciation	-	(1,341)	-	(1,341)
Total property and equipment, net	<u>\$ -</u>			<u>\$ 50,469</u>

Depreciation expense for the year ended June 30, 2016 was \$1,341.

6. NET ASSETS

A. Temporarily Restricted Net Assets

There were no temporarily restricted net assets for the year ended June 30, 2016. Previously, these funds related to contributions made for the purpose of purchasing items, such as furniture and equipment, to be purchased when the Organization was able to move into a new facility. The Organization moved into the new facility during the year and all temporary restrictions have been released.

	6/30/2015	Increase	Decrease	6/30/2016
Temporarily Restricted Net Assets	\$ 70,475	\$ -	\$ 70,475	\$ -

B. Board Designated Net Assets

The balance of \$8,916 in the New Building Checking account at year end has been designated by the Board of Directors for payments for furniture and equipment in the new building. Because this is a board designation and not a donor imposed restriction, this amount is considered unrestricted for financial statement purposes.

BLACKSBURG VOLUNTEER RESCUE SQUAD

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

7. DONATED SERVICES

The Organization is run entirely by volunteers. The value of donated services has been estimated and included in the Statement of Activities as In-kind contributions and expenses. The amount of contributions for the year ended June 30, 2016, by position, is as follows:

<u>Position</u>	<u>Hours</u>	<u>Amount</u>
EMT	43,800	\$ 242,827
Paramedic	8,760	\$ 98,287
Total		<u>\$ 341,114</u>

8. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 16, 2016, the date the financial statements were available to be issued. Management is not aware of any subsequent events that occurred or other matters that should be disclosed.