

**CYPRESS CREEK EMERGENCY MEDICAL
SERVICES ASSOCIATION**

FINANCIAL STATEMENTS

AND

SUPPLEMENTAL SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2018

WITH

INDEPENDENT AUDITOR'S REPORT

SVADLENAK, SEE & COMPANY, P.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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SVADLENAK, SEE & COMPANY, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Cypress Creek Emergency Medical Services Association
Spring, Texas

We have audited the accompanying financial statements of Cypress Creek Emergency Medical Services Association (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2018, 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 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 Cypress Creek Emergency Medical Services Association, as of December 31, 2018, 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.

Svadlenak, See & Company P.C

SVADLENAK, SEE & COMPANY, P.C.
Houston, Texas

February 25, 2019

CYPRESS CREEK EMERGENCY MEDICAL SERVICES ASSOCIATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

ASSETS

Current assets:

Cash and cash equivalents	\$ 2,876,432
Accounts receivable, net of allowance	4,797,360
Inventories	840,888
Prepaid expenses	<u>949,795</u>

Total current assets 9,464,475

Land, buildings and equipment - at cost, less accumulated depreciation 11,249,623

Other assets 52,619

Total assets \$ 20,766,717

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 1,553,397
Current portion of long-term debt	1,076,889
Accruals	<u>452,127</u>

Total current liabilities 3,082,413

Long-term debt:

Notes payable 4,590,071

Commitments and contingent liabilities

Net assets:

Without donor restrictions 13,094,233

Total liabilities and net assets \$ 20,766,717

SEE ACCOMPANYING NOTES.

CYPRESS CREEK EMERGENCY MEDICAL SERVICES ASSOCIATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

Support and revenue:

Support:

ESD 11 funds	\$ 16,052,477
Insurance billings - net	9,171,979
Educational funds	174,450
Special events - fundraisers	106
Dispatch fees - communications center	<u>997,506</u>
Total support	26,396,518

Revenue:

Interest income	32,029
Gain (loss) on sale of investments/property	<u>-</u>
Total revenue	<u>32,029</u>

Total support and revenue 26,428,547

Expenses:

Program services	23,012,674
General and administrative	<u>3,616,158</u>
Total expenses	<u>26,628,832</u>

Change in net assets increase (decrease) (200,285)

Net assets-without donor restrictions at the beginning of the year 13,294,518

Net assets-without donor restrictions at the end of the year \$ 13,094,233

SEE ACCOMPANYING NOTES.

CYPRESS CREEK EMERGENCY MEDICAL SERVICES ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

Cash flows from operating activities:

Change in net assets increase (decrease) \$ (200,285)

Adjustments to reconcile change in net assets to net
cash provided (used) by operating activities:

Allowance for doubtful accounts 7,389,273

Depreciation 1,567,183

8,756,171

Change in operating assets and liabilities:

Accounts receivable \$ (4,300,294)

Inventories (30,987)

Prepaid expenses (120,542)

Other assets (50,400)

Accounts payable 499,324

Accruals 87,013 (3,915,886)

Net cash provided (used) by operating activities 4,840,285

Cash flows from investing activities:

Purchase of property and equipment (1,648,251)

Retirements of property and equipment - (1,648,251)

Cash flows from financing activities:

Proceeds from long-term debt -

Repayment of long-term debt (1,427,574) (1,427,574)

Net increase (decrease) in cash and cash equivalents 1,764,460

Cash and cash equivalents at beginning of the year 1,111,972

Cash and cash equivalents at end of the year \$ 2,876,432

Supplemental cash flow information:

Interest paid in cash during the year \$ 251,976

SEE ACCOMPANYING NOTES.

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CYPRESS CREEK EMERGENCY MEDICAL SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. Summary of significant accounting policies:

Nature of organization

Cypress Creek Emergency Medical Services Association (the Organization) is a not-for-profit organization incorporated on July 25, 1975 to provide emergency medical services and educational programs to the communities along FM 1960 from Jones Road to the Houston city limits at Humble. In October 1996, the Organization purchased and is now operating the FM 1960 Area Emergency Communications Center, Inc. which provides centralized emergency communications for certain fire departments and associations in the area.

Basis of presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP") which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expensed for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Date of Management's review

Subsequent events were evaluated through February 25, 2019, which is the date the financial statements were available to be issued.

Method of accounting

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting, revenues are recorded when earned and expenses when incurred.

CYPRESS CREEK EMERGENCY MEDICAL SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. Summary of significant accounting policies: (cont'd.)

Use of estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, support, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Financial reporting and financial statement presentation

The financial statements have been prepared in accordance with generally accepted accounting principles as applied to not-for-profit organizations. The Organization follows accounting and financial reporting guidelines set forth in the Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations.

The Organization reports its financial position and activities, including contributions received, according to the classification and presentation described in Financial Accounting Standards Board (FASB) ASC 958, Financial Statements of Not-for-Profit Organizations.

Contributions

Contributions are made by individual homeowners and are collected by municipal utility (water) districts in the area served by the Organization. Those water districts then remit the funds to the Organization.

Distributions

The Organization has a contract as the Emergency Service District #11 provider. The designated provider will receive monies from taxing authorities in order to provide these services.

Consideration of credit risk

The Organization maintains its cash in bank deposit accounts at a high credit quality financial institution. The balances, at times, may exceed federally insured limits. At December 31, 2018, the Organization exceeded the insured limit by approximately \$2,633,000.

Cash and cash equivalents

For purpose of the statement of cash flows, cash equivalents include all highly liquid debt instruments with an original maturity of three month or less.

CYPRESS CREEK EMERGENCY MEDICAL SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. Summary of significant accounting policies: (cont'd.)

Land, buildings and equipment

Donations of land, buildings and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support 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 support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations 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.

Land, buildings and equipment are stated at cost. It is the Organization's policy to capitalize all assets with continuing value and to expense other cost as repairs and maintenance. Major renewals and betterments are capitalized. Depreciation was calculated by using the straight-line method. Estimated useful lives used in computing depreciation are as follows:

<u>Description</u>	<u>Years</u>
Buildings and improvements	5 to 39
Equipment, furniture and fixtures	5 to 7
Vehicles	5

Accounts receivable

Accounts receivable represent amounts due from patients, Medicare and insurance companies. All claims representing amounts due to the Organization are being processed and collected by an outside service.

The gross fees for the various services rendered are difficult to collect due the discounts and limitations placed on claims by insurance companies and the patients' inability to pay for the services. Uncollected claims totaling \$21,939,108 and insurance adjustments totaling \$24,015,747 are netted against insurance billings for the year ended December 31, 2018.

Management has established an allowance for doubtful accounts, that is an acceptable practice to evaluate each individual receivable (claim) based upon historical data. In addition, management intends to follow its previous practice and charge off the accounts to operations as they are deemed worthless.

Inventory

Inventory consists of medical supplies which are valued at the lower of cost or market using current replacement cost as market.

CYPRESS CREEK EMERGENCY MEDICAL SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. Summary of significant accounting policies: (cont'd.)

ESD 11 funds

ESD 11 funds are considered to be available for unrestricted use unless specifically restricted by the donor. Donated materials, equipment, and services are reflected as donated in the accompanying statements at their estimated value at date of receipt. Donated services consist of time donated by volunteers, drivers, emergency care technicians and assistants and paramedics. They are valued at the estimated cost that the Organization would have incurred had the Organization been required to employ individuals to provide those services.

Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among medical services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Communication center	Time and effort
Salaries and benefits	Time and effort
Education and awareness	Time and effort
Medical supplies	Time and effort
Professional services	Time and effort
Utilities and occupancy	Square footage
Insurance	Time and effort

Income tax status

The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has conclude that as of December 31, 2018, there are no uncertain positions taken or expected to be taken.

The federal income tax returns of the Organization are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

CYPRESS CREEK EMERGENCY MEDICAL SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. Summary of significant accounting policies: (cont'd.)

Recent accounting pronouncement

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

2. Availability and liquidity:

The Organization has \$7,673,792 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$2,876,432 and accounts receivable of \$4,797,360. Neither of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets to meet 90 days of operating expenses (approximately \$6,300,000).

3. Accounts receivable:

Accounts receivable as of December 31, 2018 consists of:

	<u>Amount</u>
Billings of insurance companies for services rendered	\$ 12,150,419
Communication center revenue from fire departments	<u>36,214</u>
Total accounts receivable	12,186,633
Less allowance for doubtful accounts	<u>(7,389,273)</u>
Net accounts receivable	<u>\$ 4,797,360</u>

CYPRESS CREEK EMERGENCY MEDICAL SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4. Land, buildings and equipment:

As of December 31, 2018, land, buildings and equipment consisted of the following:

	<u>Useful Lives</u>	<u>Amount</u>
Land		\$ 359,654
Buildings and improvements	5-39	9,471,409
Vehicles	5	5,046,168
Vehicle repair equipment	5	46,573
Bicycles	5	16,079
Communications equipment	5	2,442,427
Leasehold improvements	5-39	224,556
Office equipment	5	-
Furniture and fixtures	5-7	895,369
Medical equipment	5	2,312,244
Other equipment	5	<u>153,793</u>
		20,968,272
Accumulated depreciation		<u>(9,718,649)</u>
		<u>\$ 11,249,623</u>

Depreciation expense for the year ended December 31, 2018 amounted to \$1,567,183.

5. Long-term debt:

Note payable to bank dated November 10, 2010 in the original amount of \$8,100,000 accruing interest at a variable rate of approximately 4.00% at December 31, 2018. Principle and interest payments are due quarterly until maturity when the remaining principle balance and any unpaid interest will be due in February 2021. The note is collateralized by a deed of trust and properties.

\$ 4,524,612

CYPRESS CREEK EMERGENCY MEDICAL SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

5. Long-term debt: (cont'd.)

<p>Note payable to bank dated May 6, 2015 in the original amount of \$599,200 accruing interest at a variable rate of approximately 4.00% at December 31, 2018. Principle and interest payments of \$13,468 are due in 48 monthly payments until maturity, May 2019. The note is collateralized by automotive equipment.</p>	66,710
<p>Note payable to bank dated August 31, 2016 in the original amount of \$485,200 accruing interest at a variable rate of approximately 4.00% at December 31, 2018. Principle and interest payments of \$10,949 are due in 48 monthly payments until maturity, September 2020. The note is collateralized by automotive equipment.</p>	221,766
<p>Capital lease to a financing institution dated August 24, 2016 in the original amount of \$328,200. Annual payment of \$65,640 are due on July 5 each year through the year 2021. At maturity (July 5, 2021) the Organization has the option to purchase the equipment for \$1.00. The note is collateralized by equipment.</p>	192,920
<p>Note payable to a vendor dated June 2, 2016 in the original amount of \$929,892. The note does not accrue interest. Principal payments are due monthly in the amount of \$23,950 until maturity in February of 2020. The note is collateralized by the equipment purchased.</p>	<u>656,952</u>
	5,662,960
<p>Less current portion of long-term debt</p>	<u>1,076,889</u>
<p>Long-term debt</p>	<u><u>\$ 4,590,071</u></u>

The principal maturities on the long-term debt as follows:

<u>Year ended</u> <u>December 31,</u>	<u>Amount</u>
2020	\$ 1,008,365
2021	3,581,706
2022	-
2023	-
Thereafter	-
	<u><u>\$ 4,590,071</u></u>

CYPRESS CREEK EMERGENCY MEDICAL SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

6. Pension plan:

Effective July 1, 1999, the Organization adopted a 401(k) pension plan for the Organization's employees. Employee contributions are voluntary and are made on a pretax basis. Employer contributions are based on a percentage of wages, up to a maximum of 7.00%. The employer's contributions are contributed semi-monthly. The contributions for the year ended December 31, 2018 were \$617,947.

7. Commitments and contingencies:

A sublease exists with a fire department for Station 5. Under the terms of the lease, the Organization pays a monthly rental amount based upon the percentage of time in a calendar month that the Organization operates an advanced life support ambulance from the premises more than 60% of a 24 hour day. Since the inception of the lease, the Organization has operated an ambulance at least 95% of a 24 hour day and therefore pays a rental fee of \$515 a month. The lease is month to month.

On October 1, 1996, a lease was entered into for station space. Rental payments are \$1,650 per month through October 31, 2017 at which time the lease expired and is now month to month.

The Organization has entered into a lease with a member of the ESD #11 board of directors for a facility for operations and storage which requires rental payments of \$1,000 per month. The lease is on a month to month basis.

During the normal course of business, the Organization could be named in frivolous and immaterial lawsuits. It is management's opinion that any such lawsuit outstanding as of the period ended December 31, 2018 (none were known to management) would not have a material effect on the financial statements.

Substantially all of the Organization's facilities are subject to federal, state and local provisions regulating the discharge of materials into the environment. Compliance with these provisions has not had, nor does the Organization expect such compliance to have, any material effect upon the capital expenditures, change in net assets, financial conditions or competitive position of the Organization. Management believes that its current practices and procedures for the control and disposition of such waste comply with applicable federal and state requirements.

8. Annexation:

The Organization is within the extra-territorial jurisdiction of the city of Houston, Texas (the City). The City has the power to annex, with the approval of the residents and proper legislation. Should that occur and the Organization not make servicing arrangements with the City, most services currently provided by the Organization would be provided by the City and the Organization as it is known and operates today would likely be seriously affected.

SUPPLEMENTAL INFORMATION

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INDEPENDENT AUDITOR'S REPORT

ON SUPPLEMENTAL INFORMATION

To the Board of Directors of
Cypress Creek Emergency Medical
Services Association
Spring, Texas

We have audited the financial statements of Cypress Creek Emergency Medical Services Association as of and for the year ended December 31, 2018, and our report thereon dated February 25, 2019, which expressed an unmodified opinion on those financial statements, appears on page 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses and statement of activities – actual and budget are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Organization's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying and other accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of functional expenses and statement of activities – actual and budget are fairly stated in all material respects in relation to the financial statements as a whole.

Svadlenak, See & Company P.C.

SVADLENAK, SEE & COMPANY, P.C.
Houston, Texas

February 25, 2019

CYPRESS CREEK EMERGENCY MEDICAL SERVICES ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	General and Administrative	Total
Functional expenses:			
Salaries	\$ 13,141,742	\$ 1,092,179	\$ 14,233,921
Employee health benefits	2,961,209	309,345	3,270,554
Accounting and legal	-	348,439	348,439
CCATT program expense	116,515	-	116,515
Communication center expense	480,157	-	480,157
Contract labor	61,980	6,465	68,445
Credit card bank charges	-	54,387	54,387
Dues	-	9,482	9,482
Education courses	124,190	-	124,190
Fundraising expenses	-	1,532	1,532
Insurance	659,636	-	659,636
Interest expense	-	236,976	236,976
Miscellaneous	-	122,994	122,994
Oil and gasoline	404,811	-	404,811
Pension expense	559,582	58,365	617,947
Postage	-	5,414	5,414
Printing and office	-	57,542	57,542
Recruiting and advertising	22,905	-	22,905
Rent	35,814	-	35,814
Repairs and maintenance	275,548	291,351	566,899
Supplies	1,149,585	-	1,149,585
Taxes - payroll	985,284	99,554	1,084,838
Telephone	219,257	-	219,257
Third party billing	-	856,341	856,341
Uniforms, pins, gifts, etc.	52,122	5,436	57,558
Utilities	170,909	-	170,909
Volunteer expenses	84,601	-	84,601
Total expenses before depreciation	21,505,847	3,555,802	25,061,649
Depreciation	1,506,827	60,356	1,567,183
Total expenses	<u>\$ 23,012,674</u>	<u>\$ 3,616,158</u>	<u>\$ 26,628,832</u>

SEE INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION.

CYPRESS CREEK EMERGENCY MEDICAL SERVICES ASSOCIATION

STATEMENT OF ACTIVITIES – ACTUAL AND BUDGET

FOR THE YEAR ENDED DECEMBER 31, 2018

	Actual	Budget Unaudited	Variance
Support and revenue:			
ESD 11 funds	\$ 16,052,477	\$ 14,772,700	\$ 1,279,777
Third party insurance payments	9,171,979	14,064,450	(4,892,471)
Educational funds	174,450	160,000	14,450
Special events - fundraisers	106	140,000	(139,894)
Dispatch fees - communication center	997,506	650,000	347,506
Interest and dividend income	32,029	-	32,029
Gain (loss) on sale of assets	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total support and revenue	<u>\$ 26,428,547</u>	<u>\$ 29,787,150</u>	<u>\$ (3,358,603)</u>
Expenses:			
Salaries	\$ 14,233,921	\$ 13,161,862	\$ 1,072,059
Employee health benefits	3,270,554	3,175,000	95,554
Accounting and legal	348,439	315,000	33,439
Bicycle program expense	54,387	-	54,387
CCATT program expense	116,515	155,000	(38,485)
Communication center expense	480,157	574,838	(94,681)
Contract labor	68,445	80,000	(11,555)
Dues	9,482	16,000	(6,518)
Education courses	124,190	160,000	(35,810)
Fundraising expenses	1,532	75,000	(73,468)
Golf outing	-	-	-
Insurance	659,636	745,000	(85,364)
Interest expense	236,976	260,000	(23,024)
Miscellaneous	122,994	140,000	(17,006)
Oil and gasoline	404,811	350,000	54,811

SEE INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION.

CYPRESS CREEK EMERGENCY MEDICAL SERVICES ASSOCIATION

STATEMENT OF ACTIVITIES – ACTUAL AND BUDGET

FOR THE YEAR ENDED DECEMBER 31, 2018

	Actual	Budget Unaudited	Variance
Expenses: (cont'd.)			
Pension expense	617,947	600,000	17,947
Postage	5,414	6,000	(586)
Printing and office	57,542	42,000	15,542
Recruiting and advertising	22,905	55,000	(32,095)
Rent	35,814	35,000	814
Repairs and maintenance	566,899	650,000	(83,101)
Supplies	1,149,585	1,135,000	14,585
Taxes - payroll	1,084,838	942,000	142,838
Telephone	219,257	210,000	9,257
Third party billing	856,341	685,000	171,341
Uniforms, pins, gifts, etc.	57,558	65,000	(7,442)
Utilities	170,909	170,000	909
Volunteer expenses	<u>84,601</u>	<u>125,000</u>	<u>(40,399)</u>
Total expenses before depreciation	25,061,649	23,927,700	1,133,949
Depreciation expense	<u>1,567,183</u>	<u>1,365,000</u>	<u>202,183</u>
Total expenses	<u>26,628,832</u>	<u>25,292,700</u>	<u>1,336,132</u>
Change in net assets - increase (decrease)	<u>\$ (200,285)</u>	<u>\$ 4,494,450</u>	<u>\$ (4,694,735)</u>

SEE INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION.

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