



**BETHESDA-CHEVY CHASE RESCUE SQUAD, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

Years Ended June 30, 2017 and 2016

BETHESDA-CHEVY CHASE RESCUE SQUAD, INC.
Financial Statements

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...improving the lives of our staff, clients and community
with innovation, trust and integrity.



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INDEPENDENT AUDITORS' REPORT

**Board of Directors
Bethesda-Chevy Chase Rescue Squad, Inc.
Bethesda, Maryland**

Report on the Financial Statements

We have audited the accompanying financial statements of Bethesda-Chevy Chase Rescue Squad, Inc. (a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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.

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BETHESDA- CHEVY CHASE RESCUE SQUAD, INC.

Independent Auditors' Report

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bethesda-Chevy Chase Rescue Squad, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

DeLeon & Stang

DeLeon & Stang, CPAs and Advisors

Gaithersburg, Maryland

December 4, 2017

BETHESDA CHEVY CHASE RESCUE SQUAD, INC.
Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 963,922	\$ 627,394
Accounts receivable	16,539	105,749
Due from Montgomery County	-	89,788
Investments	356,290	276,547
Property and equipment, net	2,148,959	2,433,740
Other assets	14,945	14,860
Total assets	\$ 3,500,656	\$ 3,548,078
Liabilities and Net Assets		
<u>Liabilities:</u>		
Accounts payable	\$ 30,559	\$ 27,716
Accrued expenses	32,135	44,227
Line of credit	-	149,916
Deferred revenue	130,000	20,000
Term loan	139,292	42,047
Total liabilities	331,986	283,906
<u>Net assets:</u>		
Unrestricted	2,027,032	2,053,818
Temporarily restricted	1,125,798	1,194,514
Permanently restricted	15,840	15,840
Total net assets	3,168,670	3,264,172
Total liabilities and net assets	\$ 3,500,656	\$ 3,548,078

See Accompanying Notes to Financial Statements.

BETHESDA CHEVY CHASE RESCUE SQUAD, INC.
Statements of Activities
For the years ended June 30, 2017 and 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support:								
Direct revenue and support:								
Public support and contributions	\$ 1,225,220	\$ 360,247	\$ -	\$ 1,585,467	\$ 1,178,798	\$ 339,069	\$ -	\$ 1,517,867
County funds for EMST	-	-	-	-	-	89,788	-	89,788
Alumni Association income	57,032	-	-	57,032	31,909	-	-	31,909
Grants and bequests	96,109	-	-	96,109	150,608	-	-	150,608
Memorial donations	6,930	-	-	6,930	7,480	-	-	7,480
Christmas tree sales	108,197	-	-	108,197	100,059	-	-	100,059
Interest and dividend income	5,018	-	-	5,018	13,823	-	-	13,823
Other revenue	22,679	-	-	22,679	24,547	-	-	24,547
Banquet hall rental income	79,553	-	-	79,553	53,907	-	-	53,907
Net assets released from restrictions:								
Depreciation on restricted assets	215,262	(215,262)	-	-	260,533	(260,533)	-	-
Program expenses	213,701	(213,701)	-	-	110,081	(110,081)	-	-
Total direct revenue and support	2,029,701	(68,716)	-	1,960,985	1,931,745	58,243	-	1,989,988
Contributed volunteer services	4,275,525	-	-	4,275,525	3,778,881	-	-	3,778,881
Total revenue and support	6,305,226	(68,716)	-	6,236,510	5,710,626	58,243	-	5,768,869
Expenses:								
Program services:								
Rescue services	5,405,584	-	-	5,405,584	4,908,850	-	-	4,908,850
Banquet hall	139,812	-	-	139,812	56,249	-	-	56,249
Total program services	5,545,396	-	-	5,545,396	4,965,099	-	-	4,965,099
Supporting services:								
Fire/rescue management services	662,302	-	-	662,302	830,979	-	-	830,979
Fundraising	135,395	-	-	135,395	123,627	-	-	123,627
Total expenses	6,343,093	-	-	6,343,093	5,919,705	-	-	5,919,705
Change in net assets from operations	(37,867)	(68,716)	-	(106,583)	(209,079)	58,243	-	(150,836)
Non-operating revenue:								
Realized gains on investments	42,688	-	-	42,688	38,914	-	-	38,914
Unrealized (loss) on investments	(31,608)	-	-	(31,608)	(59,803)	-	-	(59,803)
Total non-operating revenue	11,081	-	-	11,081	(20,889)	-	-	(20,889)
Change in net assets	(26,786)	(68,716)	-	(95,502)	(229,968)	58,243	-	(171,725)
Net assets, beginning of year	2,053,818	1,194,514	15,840	3,264,172	2,283,786	1,136,271	15,840	3,435,897
Net assets, end of year	\$ 2,027,032	\$ 1,125,798	\$ 15,840	\$ 3,168,670	\$ 2,053,818	\$ 1,194,514	\$ 15,840	\$ 3,264,172

See Accompanying Notes to Financial Statements.

BETHESDA CHEVY CHASE RESCUE SQUAD, INC.
Statement of Functional Expenses
For the year ended June 30, 2017

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Rescue Services</u>	<u>Banquet Hall</u>	<u>Total Program Services</u>	<u>Fire/Rescue Management Services</u>	<u>Fundraising</u>	
<u>In-kind expenses:</u>						
Contributed services	\$ 3,645,175	\$ -	\$ 3,645,175	\$ 630,350	\$ -	\$ 4,275,525
<u>Direct expenses:</u>						
Alumni Association expenses	62,611	-	62,611	-	-	62,611
Catering supplies	-	12,000	12,000	-	-	12,000
Christmas tree expenses	-	-	-	-	53,944	53,944
Depreciation and amortization	380,341	557	380,898	-	-	380,898
Dues & publications	2,576	250	2,826	-	-	2,826
Education, training and awards	19,014	-	19,014	-	3,674	22,688
Facility management	-	5,963	5,963	-	-	5,963
Food	13,456	-	13,456	-	-	13,456
Fuel	52,394	-	52,394	-	-	52,394
Fundraising	-	-	-	-	-	-
Insurance	171,370	7,762	179,132	-	-	179,132
Interest expense	10,494	-	10,494	-	-	10,494
Internet	3,444	-	3,444	-	-	3,444
Medical supplies and equipment	52,453	-	52,453	-	-	52,453
Miscellaneous	29,031	1,433	30,464	-	-	30,464
Newsletter and fundraising	-	-	-	-	31,686	31,686
Office supplies	18,177	-	18,177	-	661	18,838
Payroll	560,599	41,796	602,395	-	-	602,395
Payroll taxes	35,150	3,256	38,406	-	-	38,406
Postage and shipping	8,122	2,097	10,219	-	11,789	22,008
Printing expenses	16,183	-	16,183	-	33,641	49,824
Professional services	-	5,584	5,584	31,952	-	37,536
Repairs and maintenance	203,603	15,932	219,535	-	-	219,535
Restricted	16,365	-	16,365	-	-	16,365
Telephone	7,806	2,635	10,441	-	-	10,441
Uniforms	13,856	-	13,856	-	-	13,856
Utilities	83,364	40,547	123,911	-	-	123,911
Total direct expenses	<u>1,760,409</u>	<u>139,812</u>	<u>1,900,221</u>	<u>31,952</u>	<u>135,395</u>	<u>2,067,568</u>
Total functional expenses	<u>\$ 5,405,584</u>	<u>\$ 139,812</u>	<u>\$ 5,545,396</u>	<u>\$ 662,302</u>	<u>\$ 135,395</u>	<u>\$ 6,343,093</u>

See Accompanying Notes to Financial Statements.

BETHESDA CHEVY CHASE RESCUE SQUAD, INC.
Statement of Functional Expenses
For the year ended June 30, 2016

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Rescue Services</u>	<u>Banquet Hall</u>	<u>Total Program Services</u>	<u>Fire/Rescue Management Services</u>	<u>Fundraising</u>	
<u>In-kind expenses:</u>						
Contributed services	\$ 2,975,756	\$ -	\$ 2,975,756	\$ 803,125	\$ -	\$ 3,778,881
<u>Direct expenses:</u>						
Alumni Association expenses	31,693	-	31,693	-	-	31,693
Catering supplies	-	9,350	9,350	-	-	9,350
Christmas tree expenses	-	-	-	-	50,365	50,365
Depreciation and amortization	505,549	578	506,127	-	-	506,127
Dues & publications	3,626	200	3,826	-	-	3,826
Education, training and awards	16,901	-	16,901	-	3,522	20,423
Facility management	-	4,913	4,913	-	-	4,913
Food	16,411	-	16,411	-	-	16,411
Fuel	49,874	-	49,874	-	-	49,874
Fundraising	-	-	-	-	11,615	11,615
Insurance	223,947	5,043	228,990	-	-	228,990
Interest expense	13,307	-	13,307	-	-	13,307
Internet	3,508	-	3,508	-	-	3,508
Medical supplies and equipment	39,682	-	39,682	-	-	39,682
Miscellaneous	15,235	-	15,235	-	-	15,235
Newsletter and fundraising	-	-	-	-	12,214	12,214
Office supplies	12,376	-	12,376	-	-	12,376
Payroll	625,157	18,747	643,904	-	-	643,904
Payroll taxes	49,239	1,324	50,563	-	-	50,563
Postage and shipping	12,148	3,303	15,451	-	20,101	35,552
Printing expenses	5,896	-	5,896	-	25,810	31,706
Professional services	-	2,365	2,365	27,854	-	30,219
Repairs and maintenance	164,826	8,085	172,911	-	-	172,911
Restricted	108,250	-	108,250	-	-	108,250
Telephone	7,939	2,877	10,816	-	-	10,816
Uniforms	11,295	-	11,295	-	-	11,295
Utilities	16,235	(536)	15,699	-	-	15,699
Total direct expenses	<u>1,933,094</u>	<u>56,249</u>	<u>1,989,343</u>	<u>27,854</u>	<u>123,627</u>	<u>2,140,824</u>
Total functional expenses	<u>\$ 4,908,850</u>	<u>\$ 56,249</u>	<u>\$ 4,965,099</u>	<u>\$ 830,979</u>	<u>\$ 123,627</u>	<u>\$ 5,919,705</u>

See Accompanying Notes to Financial Statements.

BETHESDA CHEVY CHASE RESCUE SQUAD, INC.
Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	2017	2016
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ (95,502)	\$ (171,725)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	380,898	506,127
Realized gains on investments	(42,688)	(38,914)
Unrealized loss on investments	31,608	59,803
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	89,210	(53,684)
(Increase) decrease in due from Montgomery County	89,788	(22,540)
Increase in other assets	(85)	(85)
Increase (decrease) in accounts payable	2,843	(75,027)
Increase in deferred revenue	110,000	20,000
Decrease in accrued expenses	(12,092)	(1,006)
Net cash provided by operating activities	553,979	222,949
<u>Cash flows from investing activities:</u>		
Proceeds from sale of investments	241,150	256,037
Purchases of investments	(309,161)	(88,740)
Reinvested interest and dividends	(3,652)	(12,943)
Purchases of property, equipment and redevelopment costs	(93,117)	(207,029)
Net cash used in investing activities	(164,780)	(52,675)
<u>Cash flows from financing activities:</u>		
Principal payments on term loan	(54,058)	(41,250)
Proceeds from term loan	151,303	-
Repayment of the line of credit	(149,916)	-
Net cash used in financing activities	(52,671)	(41,250)
Net increase in cash and equivalents	336,528	129,024
Cash and equivalents, beginning of year	627,394	498,370
Cash and equivalents, end of year	\$ 963,922	\$ 627,394
Supplemental information		
Interest paid	\$ 10,494	\$ 13,307

See Accompanying Notes to Financial Statements.

BETHESDA-CHEVY CHASE RESCUE SQUAD, INC.
Notes to the Financial Statements
JUNE 30, 2017 AND 2016

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Bethesda-Chevy Chase Rescue Squad, Inc. (the Squad) is a non-profit organization formed for the purpose of providing rescue services to the members of the community. Founded in 1937, the Squad is a philanthropically operated organization that provides state of the art emergency medical, fire, and rescue services. The Squad serves over 94,000 households in the Bethesda-Chevy Chase, Maryland area and Upper Northwest Washington, D.C., as well as neighboring areas of Glen Echo, Cabin John, Kensington, Potomac, and Rockville, Maryland.

Accounting Method

The Squad uses the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Squad presents its financial statements in accordance with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification topic, *Accounting for Contributions Received and Contributions Made*, and FASB Accounting Standards Codification topic, *Financial Statements of Not-for-Profit Organizations*. Accordingly, the net assets of the Squad are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Net assets of the two restricted classes are created only by contributions with donor-imposed restrictions on their use. All other net assets, including board designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

BETHESDA-CHEVY CHASE RESCUE SQUAD, INC.

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Under these provisions, net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of contributions with donor-imposed restrictions. Accordingly, net assets of the Squad and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets from contributions subject to donor-imposed stipulations that may or will be met either by actions of the Squad and/or passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets from contributions subject to donor imposed stipulations which are permanent in nature prohibiting expenditure of the assets pledged or donated. Typically, the income earned on invested balances of permanently restricted net assets is reported as part of unrestricted net assets unless the donor specifically limits the use of such income.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Squad considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Money market funds held by the investment managers are classified with investments. Cash equivalents are carried at cost, which approximates fair value.

Investments

Investments are reported at fair value based on quoted market prices. Net unrealized and realized gains and losses on investments are reflected in the statements of activities as non-operating revenue. Dividends and interest are reflected as income when earned.

Fair Value Measurements

The Squad complies with the FASB Accounting Standards Codification topic, *Fair Value Measurements*, which defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

BETHESDA-CHEVY CHASE RESCUE SQUAD, INC.

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The three levels of the fair value hierarchy under FASB Accounting Standards Codification topic, *Fair Value Measurements*, are described below:

Basis of Fair Value Measurement

- | | |
|---------|---|
| Level 1 | Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities |
| Level 2 | Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly |
| Level 3 | Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable |

Accounts Receivable

Receivables are recorded at the earlier of the date received or the date of receipt of a donor's non-contingent promise or pledge. Receivables are carried at their original amount less an estimate for doubtful receivables based on an annual review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. At June 30, 2017 and 2016, there is no provision for doubtful accounts, based on management's evaluation of the collectability of receivables. All accounts receivable are collectible within one year.

Due from Montgomery County

Due from Montgomery County relates to funds provided to the volunteer Corporations from revenue collected by the County as a result of the Emergency Medical Services Transport fee. After a competitive application process to the Montgomery County Volunteer Fire/Rescue Association, the funds are grant-agreed by the County to the Rescue Squad with a specific approved purpose that will be from one or more of the following purposes: replacement or augmentation of Corporation owned apparatus, enhancement, repair and maintenance of Corporation owned fire stations, training for volunteers, gear and equipment for volunteers, administrative staff to support the Corporation, and/or volunteer recruitment and retention. The Rescue Squad must track and report the use of these funds for the approved purpose within a specified period of performance.

BETHESDA-CHEVY CHASE RESCUE SQUAD, INC.

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment is recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful service lives ranging between three and forty years. The Squad capitalizes acquisitions of property and equipment in excess of \$1,000. When properties are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts with any resulting gain or loss reflected in income. Maintenance and repairs are expensed when incurred.

Revenue Recognition

Contributions and grants are recognized as revenue when they are received or notification is received of an unconditional grant or pledge. Sales income is recognized as revenue in the accounting period in which the sale occurs. Rental income is recognized as revenue in the accounting period in which the rental income is earned.

Revenue received from Montgomery County is based on actual expenses incurred by the Squad.

Expense Allocations

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs benefited.

Use of Estimates

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

Accounting for Uncertain Tax Provisions

The Squad is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Any unrelated business income from the Banquet Hall is taxable under Internal Revenue Code Section 511.

The Squad complies with the provisions of Financial Accounting Standards Board Codification topic *Accounting for Uncertainty in Income Taxes*. For the years ended June 30, 2017 and 2016, no unrecognized tax provision or benefit exists. The Form 990, Return of Organization Exempt from Income Tax for the fiscal years ended June 30, 2014 - 2016 are subject to review and examination by the Internal Revenue Service.

BETHESDA-CHEVY CHASE RESCUE SQUAD, INC.**Notes to Financial Statements (Continued)****June 30, 2017 and 2016****NOTE 2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following accounts:

	<u>2017</u>	<u>2016</u>
Checking and cash on hand	\$ 661,944	\$ 359,312
Savings account	2,092	2,099
Designated accounts for:		
Alumni Association	16,382	15,081
Equipment	229,348	219,487
Banquet Hall	54,156	31,415
Totals	<u>\$ 963,922</u>	<u>\$ 627,394</u>

NOTE 3. INVESTMENTS

As of June 30, 2017 and 2016, the Squad had investments in money market funds and various mutual funds. Investments at fair value are as follows:

	<u>June 30, 2017</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 330,585	\$ --	\$ --	\$ 330,585
Equity stocks	25,705	--	--	25,705
Totals	<u>\$ 356,290</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 356,290</u>
	<u>June 30, 2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 22,718	\$ --	\$ --	\$ 22,718
Mutual funds:				
Stock funds	172,253	--	--	172,253
Bond funds	81,576	--	--	81,576
Totals	<u>\$ 276,547</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 276,547</u>

BETHESDA-CHEVY CHASE RESCUE SQUAD, INC.
Notes to Financial Statements (Continued)
June 30, 2017 and 2016

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Buildings and improvements	\$ 3,438,755	\$ 3,438,755
Vehicles	3,993,169	3,894,578
Furniture and equipment	932,411	932,411
Land	400,259	400,259
Specialized equipment	264,047	264,047
Software	<u>12,830</u>	<u>12,830</u>
Total property and equipment	\$ 9,041,471	\$ 8,942,880
Less, Accumulated depreciation and amortization	<u>(7,231,004)</u>	<u>(6,850,106)</u>
Subtotal	2,092,774	2,092,774
Redevelopment costs	<u>338,492</u>	<u>340,966</u>
Net property and equipment	<u>\$ 2,148,959</u>	<u>\$ 2,433,740</u>

Depreciation and amortization expense for the years ended June 30, 2017 and 2016 was \$380,898 and \$506,127, respectively.

NOTE 5. LINE OF CREDIT

The Squad has a revolving line of credit with Monument Bank for \$150,000. The line of credit is secured by the general assets of the Squad and is due on demand. The line of credit bears interest at a per annum variable rate equal to 6.50%. Interest is payable monthly. The line of credit was paid off and closed during the year ended June 30, 2017. At June 30, 2017 and 2016, the outstanding balance was \$0 and \$149,916, respectively.

NOTE 6. TERM LOAN

During the year ended June 30, 2017, the Squad entered into a loan agreement with Revere Bank for \$151,303. The loan is secured by the Squad's assets. Principal payments of \$1,513, plus interest are paid monthly, and the interest rate is 5.5%. The loan matures October 22, 2023. The loan balance outstanding at June 30, 2017 was \$139,292. This loan was subsequently paid off by the Squad on July 17, 2017.

On December 20, 2011, the Squad entered into a loan agreement with Monument Bank for \$450,000. The loan is secured by one of the Squad's emergency rescue trucks. The principal payments are made monthly in the amount of \$3,750 and the interest rate at June 30, 2016 was 5.5%. The loan has a variable interest rate that is based on the U.S. Prime rate and has a minimum of 5.5% and a maximum of 9.0%. Interest is payable monthly on the unpaid principal balance. The loan is due by December 21, 2021, however the Squad has been paying the loan down ahead of the due date. At June 30, 2017 and 2016, the outstanding balance was \$0 and \$42,047, respectively.

BETHESDA-CHEVY CHASE RESCUE SQUAD, INC.
Notes to Financial Statements (Continued)
June 30, 2017 and 2016

NOTE 6. TERM LOAN (Continued)

The future maturities of term loan are as follows:

<u>Year ending June 30,</u>	
2018	\$ 18,156
2019	18,156
2020	18,156
2021	18,156
2022	18,156
2023	<u>48,512</u>
Total	<u>\$ 139,292</u>

NOTE 7. TEMPORARILY RESTRICTED NET ASSETS

The Squad's purpose-restricted temporarily restricted net assets consist of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Donor-restricted contributions for equipment and fixed asset purchases, net of depreciation	<u>\$ 1,125,798</u>	<u>\$ 1,194,514</u>
Totals	<u>\$ 1,125,798</u>	<u>\$ 1,194,514</u>

During the years ended June 30, 2017 and 2016, net assets released from purpose restrictions totaled \$213,701 and \$110,081, respectively. During the years ended June 30, 2017 and 2016, net assets released from time restrictions (depreciation) totaled \$215,262 and \$260,533, respectively.

BETHESDA-CHEVY CHASE RESCUE SQUAD, INC.
Notes to Financial Statements (Continued)
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NOTE 8. ENDOWMENTS

The Squad has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment fund absent explicit Squad donor stipulations to the contrary.

In accordance with UPMIFA, the Squad considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Squad and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Squad

As a result of this interpretation, the Squad classifies the original value of the endowment gifts that have long-term time restrictions as a permanently restricted endowment. The Squad's investment policy objective is to protect the principal, earn a return, and provide growth. The earnings on the endowment are also classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Squad. For the years ended June 30, 2017 and 2016, earnings of \$0 and \$0, respectively, have been released for operations. The Squad had permanently restricted net assets of \$15,840 as of June 30, 2017 and 2016.

NOTE 9. CONTRIBUTED SERVICES

The Squad receives donated services from a variety of unpaid volunteers assisting in providing rescue services and fund raising services. Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Rescue services include the value of services donated by trained volunteer medical specialists of \$3,645,175 and \$2,975,756, respectively, for the years ended June 30, 2017 and 2016. Administrative services donated by office volunteers and the Board of Directors totaled \$630,350 and \$803,125, respectively, for the years ended June 30, 2017 and 2016.

BETHESDA-CHEVY CHASE RESCUE SQUAD, INC.

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

NOTE 10. CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Squad to concentrations of credit risk include cash deposits with commercial banks. The Squad's cash management policies limit its exposure to credit risk by maintaining cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Cash deposits may, however, exceed the FDIC insurable limits at times throughout the year. Management does not consider this a significant concentration of credit risk.

The Squad invests mostly in equity stocks and mutual funds. Such investments are exposed to various risks such as market and credit. Due to the level risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

NOTE 11. SUBSEQUENT EVENTS

Other than the term loan being paid off on July 17, 2017, as discussed in Note 6, the Squad evaluated subsequent events for potential required disclosure through December 4, 2017, which is the date financial statements were available to be issued.