



**MORRISTOWN – HAMBLLEN  
EMERGENCY MEDICAL SERVICE  
(423) 587-3280 FAX (423) 585- 2729  
SERVING THE COMMUNITY SINCE 1985**

---

**Morristown Hamblen EMS – Funding Request Summary  
Presented to the Hamblen County Commission  
Director Danny Houseright**

**Request:** \$212,000.00 – Ambulance Replacement (FY 2026-27)

**Purpose of Request**

Morristown Hamblen EMS respectfully requests \$200,000.00 to assist with the purchase of a replacement ambulance scheduled for delivery in December 2026 / January 2027. This request continues our effort to maintain a safe, reliable fleet that meets Hamblen County standards and supports uninterrupted emergency response.

**Operational Need**

The ambulance scheduled for replacement is a 2009 unit currently approaching 294,000 miles. Hamblen County policy establishes a 300,000-mile limit for frontline ambulances. While this unit has been well maintained, it is nearing the end of its safe and dependable service life. As mileage increases, so does the risk of mechanical failure, out-of-service time, and delayed response to emergencies.

**Impact on Public Safety**

EMS is a time-critical service. When a citizen calls 911, the expectation is immediate, reliable response. Every delay increases risk to patient outcomes. Recent life-saving incidents in Hamblen County including cardiac arrest survivals demonstrate that rapid EMS intervention directly impacts whether a patient lives or dies. Reliable equipment is not optional; it is essential.

**Financial Reality**

Morristown Hamblen EMS operates as a nonprofit 501(c)(3) and does not receive recurring city or county funding. We rely on billing revenue and occasional community support to sustain operations. At the same time, ambulance costs, medical equipment, and supply expenses continue to rise, while insurance reimbursement rates lag behind inflation. This creates a growing gap between operational costs and available revenue.

**Request and Community Benefit**

We are requesting a \$212,000.00 investment to replace a critical frontline ambulance. This is not an expansion request, it is a necessary replacement to maintain current service levels. This investment ensures:



**MORRISTOWN – HAMBLEN  
EMERGENCY MEDICAL SERVICE  
(423) 587-3280 FAX (423) 585- 2729  
SERVING THE COMMUNITY SINCE 1985**

---

- Continued compliance with county fleet standards
- Reliable emergency response across Hamblen County
- Protection of citizens through dependable, ready equipment

### **Closing Statement**

This request is about maintaining readiness and protecting the people of Hamblen County. An ambulance is more than a vehicle; it is a lifeline. Your continued support allows us to remain prepared, responsive, and capable of delivering high-quality emergency care when it matters most.

Thank you for your consideration and your commitment to public safety.

<b>Morristown-Hamblen EMS</b>	
<b>Proposed Budget – Fiscal Year 2025–2026</b>	
<b><u>Revenue</u></b>	<b><u>Amount</u></b>
Ambulance Fee Income	\$4,300,000.00
Other Income	\$249,000.00
Total Revenue	\$4,549,000.00
<b><u>Expenses</u></b>	<b><u>Amount</u></b>
Payroll	\$2,640,000.00
Training	\$30,000.00
Stations	\$33,000.00
Radio	\$15,000.00
Telephone	\$3,000.00
Utilities	\$49,000.00
Uniforms	\$25,000.00
Legal Fees	\$60,000.00
Collection (EMS MC)	\$210,000.00
Computer	\$77,000.00
Insurance	\$431,000.00
Vehicle	\$365,000.00
Bank Charges	\$30,000.00
Freight	\$2,000.00
Patient Documentation	\$8,000.00
Supplies	\$250,000.00
Office	\$20,000.00
Advertising	\$10,000.00
Meals / Gifts	\$8,000.00
Maintenance / Repairs	\$19,000.00
Total Expenses (Before Depreciation)	\$4,285,000.00
Depreciation	\$264,000.00
Total Expenses	\$4,549,000.00
Total Revenue	\$4,549,000.00
Net Position	\$0.00

**MORRISTOWN HAMBLEN EMERGENCY MEDICAL SERVICES COMPANY**

**AUDIT REPORT**

**JULY 31, 2024 AND 2023**

**Morristown Hamblen Emergency Medical Services Company**  
**Table of Contents**  
**July 31, 2024 and 2023**

	<u>Page</u>
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-12

# CRAINE, THOMPSON & JONES, P.C.

## CERTIFIED PUBLIC ACCOUNTANTS

225 WEST FIRST NORTH STREET  
SUITE 300, MILLENNIUM SQUARE  
P.O. BOX 1779  
MORRISTOWN, TENNESSEE 37816-1779  
PHONE: (423) 586-7650

248 BRUCE STREET  
SUITE 8  
SEVIERVILLE, TENNESSEE 37862  
PHONE: (865) 366-1450  
FAX: (423) 586-0705

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Morristown Hamblen Emergency Medical Services Company

#### **Report on the Audit of the Financial Statements**

##### ***Opinion***

We have audited the financial statements of Morristown Hamblen Emergency Medical Services Company (a nonprofit organization), which comprise the statements of financial position as of July 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Morristown Hamblen Emergency Medical Services Company as of July 31, 2024 and 2023, 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.

##### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Morristown Hamblen Emergency Medical Services Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Morristown Hamblen Emergency Medical Services Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

##### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Morristown Hamblen Emergency Medical Services Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Morristown Hamblen Emergency Medical Services Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Craine, Thompson & Jones, P.C.*

Morristown, Tennessee  
March 31, 2025

**Morristown Hamblen Emergency Medical Services Company**  
**Statements of Financial Position**  
As of July 31, 2024 and 2023

<b><u>Assets</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Current assets:		
Cash and cash equivalents	\$ 1,612,371	\$ 1,462,449
Accounts receivable	2,560,768	2,292,185
Allowance for bad debts	(2,482,138)	(1,763,345)
Accounts receivable - miscellaneous	1,644	1,336
Prepaid expenses	188,359	261,317
Inventory	111,173	88,457
Total current assets	1,992,177	2,342,399
Fixed assets:		
Computer	116,458	116,458
Furniture and fixtures	34,428	34,428
Ambulance equipment	2,620,211	2,570,611
Rescue equipment	3,719	3,719
Automobiles	76,135	76,135
Building additions	856,855	856,855
Total fixed assets	3,707,806	3,658,206
Less: Accumulated depreciation	(2,560,106)	(2,423,683)
Total fixed assets, net	1,147,700	1,234,523
<b>Total assets</b>	<b>\$ 3,139,877</b>	<b>\$ 3,576,922</b>
 <b><u>Liabilities</u></b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 22,300	\$ 26,220
Payroll liabilities	80,557	87,400
Notes payable - current	16,660	20,881
Capital lease payable - current	52,050	49,434
Total current liabilities	171,567	183,935
Long-term liabilities:		
Notes payable, net of unamortized financing fees of \$12,283 and \$13,235, respectively	339,439	376,519
Capital lease payable	159,540	218,346
Total long-term liabilities	498,979	594,865
Total liabilities	670,546	778,800
 <b><u>Net Assets</u></b>		
Without donor restrictions	2,469,331	2,798,122
Total net assets	2,469,331	2,798,122
<b>Total liabilities and net assets</b>	<b>\$ 3,139,877</b>	<b>\$ 3,576,922</b>

The accompanying notes are an integral part of these financial statements.

**Morristown Hamblen Emergency Medical Services Company**  
**Statements of Activities**  
For the Years Ended July 31, 2024 and 2023

	<b>Without Donor Restrictions</b>	
	<b>2024</b>	<b>2023</b>
<b>Unrestricted Net Assets</b>		
<b>Support</b>		
Ambulance fee income	\$ 9,022,265	\$ 7,965,452
Bad debt recovery	5,187	17,603
Training	10,400	-
Miscellaneous income	420	6,956
Interest income	23,783	8,079
Donations	3,500	500
Gain on disposal of fixed assets	10,000	-
<b>Total Unrestricted Support</b>	<u>9,075,555</u>	<u>7,998,590</u>
<b>Expenses</b>		
Operating expenses	<u>9,404,346</u>	<u>7,735,936</u>
<b>Total Expenses</b>	<u>9,404,346</u>	<u>7,735,936</u>
<b>(Decrease) increase in Net Assets</b>	(328,791)	262,654
<b>Net Assets, beginning</b>	<u>2,798,122</u>	<u>2,535,468</u>
<b>Net Assets, ending</b>	<u>\$ 2,469,331</u>	<u>\$ 2,798,122</u>

The accompanying notes are an integral part of these financial statements.

**Morristown Hamblen Emergency Medical Services Company**  
**Statement of Functional Expenses**  
**For the Year Ended July 31, 2024**

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>EMS</u>	<u>Management and General</u>	<u>Totals</u>
Personnel services	\$ 1,886,998	\$ 247,717	\$ 2,134,715
Fringe benefits	135,133	18,950	154,083
<b>Total personnel cost</b>	<u>2,022,131</u>	<u>266,667</u>	<u>2,288,798</u>
Advertising	11,772	-	11,772
Ambulance call sheets	4,838	-	4,838
Bad debts & contractual write-offs	5,421,219	-	5,421,219
Building maintenance	18,027	-	18,027
Donations	10,000	-	10,000
Dues	37,224	-	37,224
First-aid/medical supplies	195,923	-	195,923
Interest	28,425	-	28,425
Licenses and permits	31,249	-	31,249
Member expenses	17,174	-	17,174
Miscellaneous	303	-	303
Office expense	13,684	-	13,684
Package insurance	352,894	-	352,894
Professional development	20,253	-	20,253
Professional services	243,382	-	243,382
Rent - substation	26,221	-	26,221
Repairs	24,177	-	24,177
Retirement	27,557	-	27,557
Commissions and fees	-	-	-
Telephone	12,393	-	12,393
Two-way radio expense	7,213	-	7,213
Uniform/clothing allowance	26,953	-	26,953
Utilities	36,673	-	36,673
Vehicle expense	321,219	-	321,219
<b>Total Expenses before depreciation</b>	<u>8,910,904</u>	<u>266,667</u>	<u>9,177,571</u>
Depreciation and amortization	226,775	-	226,775
<b>Total Expenses</b>	<u>\$ 9,137,679</u>	<u>\$ 266,667</u>	<u>\$ 9,404,346</u>

The accompanying notes are an integral part of these financial statements.

**Morristown Hamblen Emergency Medical Services Company**  
**Statement of Functional Expenses**  
**For the Year Ended July 31, 2023**

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>EMS</u>	<u>Management and General</u>	<u>Totals</u>
Personnel services	\$ 1,646,758	\$ 239,618	\$ 1,886,376
Fringe benefits	121,678	18,331	140,009
<b>Total personnel cost</b>	<u>1,768,436</u>	<u>257,949</u>	<u>2,026,385</u>
Advertising	16,840	-	16,840
Ambulance call sheets	3,299	-	3,299
Bad debts & contractual write-offs	4,143,985	-	4,143,985
Building maintenance	8,751	-	8,751
Dues	23,663	-	23,663
First-aid/medical supplies	200,497	-	200,497
Interest	26,787	-	26,787
Licenses and permits	17,403	-	17,403
Member expenses	11,069	-	11,069
Miscellaneous	554	-	554
Office expense	9,913	-	9,913
Package insurance	323,086	-	323,086
Professional development	10,548	-	10,548
Professional services	202,553	-	202,553
Rent - substation	25,791	-	25,791
Repairs	32,413	-	32,413
Retirement	28,047	-	28,047
Commissions and fees	-	-	-
Telephone	13,969	-	13,969
Two-way radio expense	4,148	-	4,148
Uniform/clothing allowance	20,716	-	20,716
Utilities	36,470	-	36,470
Vehicle expense	327,337	-	327,337
<b>Total Expenses before depreciation</b>	<u>7,256,275</u>	<u>257,949</u>	<u>7,514,224</u>
Depreciation and amortization	<u>221,712</u>	<u>-</u>	<u>221,712</u>
<b>Total Expenses</b>	<u>\$ 7,477,987</u>	<u>\$ 257,949</u>	<u>\$ 7,735,936</u>

The accompanying notes are an integral part of these financial statements.

**Morristown Hamblen Emergency Medical Services Company**  
**Statements of Cash Flows**  
For the Years Ended July 31, 2024 and 2023

<b>Cash Flows from Operating Activities</b>	<u>2024</u>	<u>2023</u>
Increase in net assets	\$ (328,791)	\$ 262,654
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation	225,819	220,756
Amortization of financing fees	956	956
Decrease (increase) in net receivables	450,210	(34,871)
Decrease (increase) in inventory	(22,716)	(4,242)
Decrease (increase) in prepaids	72,958	(97,328)
Decrease (increase) in other receivables	(308)	-
Increase (decrease) in payables	(3,920)	(6,447)
Increase (decrease) in accrued expenses	<u>(6,843)</u>	<u>6,470</u>
Net cash provided by operating activities	<u>387,365</u>	<u>347,948</u>
 <b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	<u>(138,996)</u>	<u>(399,089)</u>
Net cash used by investing activities	<u>(138,996)</u>	<u>(399,089)</u>
 <b>Cash Flows from Financing Activities</b>		
Net proceeds (repayment) from long-term debt and capital lease obligations	<u>(98,447)</u>	<u>227,790</u>
Net cash provided by (used in) financing activities	<u>(98,447)</u>	<u>227,790</u>
Increase (decrease) in cash and cash equivalents	149,922	176,649
Beginning cash and cash equivalents	<u>1,462,449</u>	<u>1,285,800</u>
Ending cash and cash equivalents	<u><u>\$ 1,612,371</u></u>	<u><u>\$ 1,462,449</u></u>
 <b><u>Supplemental Cash Flow Information:</u></b>		
Interest paid	<u><u>\$ 28,425</u></u>	<u><u>\$ 26,787</u></u>

The accompanying notes are an integral part of these financial statements.

**Morristown Hamblen Emergency Medical Services Company**  
**Morristown, Tennessee**  
**Notes to Financial Statements**  
**July 31, 2024 and 2023**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

The Morristown Hamblen Emergency Medical Services Company was formed to perform emergency medical transportation for Hamblen and surrounding counties.

Morristown Hamblen Emergency Medical Services Company qualifies as a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

Basis of Accounting

The financial statements are prepared on the accrual basis. Income is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The financial statements of the Morristown Hamblen Emergency Medical Services Company have been prepared in accordance with U.S. generally accepted accounting principles, which requires Morristown Hamblen Emergency Medical Services Company 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 expended for any purposes in performing the primary objectives of the organization. These net assets may be used at the discretion of Morristown Hamblen Emergency Medical Services Company'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 Morristown Hamblen Emergency Medical Services Company or by the passage of time. Other donor restrictions are perpetual in nature, whereby 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.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions.

Property and Equipment

Purchases of property and equipment with a unit cost of \$500 or more are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets.

**Morristown Hamblen Emergency Medical Services Company**  
**Morristown, Tennessee**  
**Notes to Financial Statements**  
**July 31, 2024 and 2023**

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**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.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Accounts Receivable**

Payment terms on accounts receivable are ordinarily net thirty days from the invoice date. Accounts receivable consists of both private pay and third-party reimbursement accounts. The organization has established an allowance for bad debts to reserve for potentially uncollectible accounts. The allowance is computed and adjusted each month based upon a rolling average of collections for accounts receivable plus any additional accounts that management determines to have a high risk of uncollectibility. Accounts that are deemed uncollectible are charged off against income when that determination is made.

**Concentrations of Credit Risk**

Financial instruments, which potentially subject the organization to concentrations of credit risk, consist primarily of patient accounts receivable. The organization's patient base is primarily located in Hamblen County, Tennessee. Although the organization is directly affected by provider reimbursement contracts and, in the case of private pay accounts, the condition of the Hamblen County economy, management does not believe significant credit risk exists at July 31, 2024 and 2023.

**Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under IRC Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

**Morristown Hamblen Emergency Medical Services Company**  
**Morristown, Tennessee**  
**Notes to Financial Statements**  
**July 31, 2024 and 2023**

**NOTE 2 – AVAILABILITY AND LIQUIDITY**

The following represents Morristown Hamblen Emergency Medical Services Company's financial assets at July 31, 2024:

Financial assets at year end:	
Cash and cash equivalents:	\$ 1,612,371
Receivables	78,630
Total financial assets	<u>1,691,001</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	-
Net assets with purpose restrictions to be met in less than a year	-
	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 1,691,001</u></u>

Morristown Hamblen Emergency Medical Services Company's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$995,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

**NOTE 3 – GEOGRAPHICAL CONCENTRATION**

This organization has operations confined to Hamblen County and the surrounding Lakeway area.

**NOTE 4 – COMPENSATED ABSENCES**

The Morristown Hamblen Emergency Medical Services Company records a liability for compensated absences. The vacation accrual was \$33,701 for 2024 and \$34,890 for 2023.

**NOTE 5 – INVENTORY**

Inventory is stated at the lower of cost or market.

**Morristown Hamblen Emergency Medical Services Company**  
**Morristown, Tennessee**  
**Notes to Financial Statements**  
**July 31, 2024 and 2023**

**NOTE 6 – NOTES PAYABLE**

On April 26, 2021, the organization, jointly with Morristown Emergency & Rescue Squad, Inc., obtained a loan from Commercial Bank in order to consolidate the organization's loan with Apex Bank and Morristown Emergency & Rescue Squad, Inc.'s loan with Citizens Bank. The loan accrues interest at 4.5% per annum with payment terms of 59 payments of \$3,244.34 with one final irregular payment. The organization is making the loan payment on behalf of both organizations. The difference in principal has been reflected as prepaid rent on the organization's books and is being recognized over 180 months. Associated loan costs paid of \$15,570 are being amortized over the life of the loan. For the years ending July 31, 2024 and 2023, interest expense of \$18,786 and \$20,965 was incurred which includes amortized financing fees of \$1,038 and \$1,038, respectively.

Principal and interest requirements for the Commercial Bank loan are as follows:

	<b>Principal</b>	<b>Interest</b>
2025	\$ 22,822	\$ 16,110
2026	345,560	11,397
2027	-	-
2028	-	-
Thereafter	-	-
	\$ 368,382	\$ 27,507

**NOTE 7 – FINANCE LEASE OBLIGATIONS**

The organization entered into a capital lease arrangement for the purchase of certain fixed assets in August 2022. Assets under the capital lease have a recorded cost of \$249,659 and related accumulated depreciation of \$99,864 at July 31, 2024. The lease required monthly installments of \$5,042 through January 2028. Principal and interest (imputed) components of the lease are as follows:

**Year ending July 31,**

2024	\$ 60,507
2025	60,507
2026	60,506
2027	49,119
2028	-
Total payments	230,639
Less: interest	(19,050)
	\$ 211,589
Minimum lease payments	\$ 230,639
less: portion representing interest	(19,050)
Capital lease obligations	211,589
Less: current portion	(52,050)
Capital lease obligations, less current portion	\$ 159,539

**Morristown Hamblen Emergency Medical Services Company**  
**Morristown, Tennessee**  
**Notes to Financial Statements**  
**July 31, 2024 and 2023**

**NOTE 8 – ADVERTISING COSTS**

The Morristown Hamblen Emergency Medical Services Company incurred advertising costs for the fiscal years ended July 31, 2024 and 2023, totaling \$11,772 and \$16,840.

**NOTE 9 – DEPOSITS IN EXCESS OF INSURED AMOUNTS**

The Morristown Hamblen Emergency Medical Services Company has deposit accounts totaling \$1,462,449 with local banks. However, two accounts exceeded the deposit insurance limit established by the Federal Deposit Insurance Corporation as of July 31, 2024 and 2023, by \$765,829 and \$434,515, respectively.

**NOTE 10 – RELATED PARTY TRANSACTIONS**

Morristown Hamblen Emergency Medical Services Company shares facilities with Morristown Emergency & Rescue Squad, Inc. Morristown Hamblen Emergency Medical Services Company pays the expenses (utilities and insurance, for example) and the amounts allocated to Morristown Emergency & Rescue Squad, Inc., are billed each month. Any amounts receivable from the Rescue Squad are not included with patient receivables.

A lease agreement for rent was entered into on August 1, 2003. Rent is paid to Morristown Emergency & Rescue Squad, Inc., at \$500 per month. Rent expense for fiscal years ending July 31, 2024 and 2023, was \$6,000 and \$6,000, respectively. The lease agreement is for five years at \$6,000 per year and is renewable for six five-year terms. A payment is also being made for office space effective July 1, 2007, at \$2,000 per month through June 2021 then \$1,000 per month thereafter. Rent expense for office space was \$12,000 and \$12,000 for the fiscal years ending July 31, 2024 and 2023, respectively. Prepaid rent resulting from the loan consolidation is recognized at \$586 per month with \$7,036 and \$7,036, respectively, included in rent expense for the fiscal years ending July 31, 2024 and 2023.

Morristown Hamblen Emergency Medical Services Company's bookkeeping is performed each month by an accounting firm. An employee of that firm is a non-voting board member.

**NOTE 11 – SUBSEQUENT EVENTS**

The Organization has evaluated events and transactions subsequent to July 31, 2024, through the date of the independent auditor's report (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. The Organization has not identified any items requiring recognition or disclosure.

Internal Revenue Service  
District Director

Department of the Treasury

O 1120  
ATLANTA, GA 30301

DELET  
11 27 1989

MORRISTOWN HAZLETON EMERGENCY  
MEDICAL SERVICE COMPANY  
P O BOX 1344 420 NORTH JACKSON ST  
MORRISTOWN, TN 37814

Employer Identification Number:  
Contact Person:  
ED TRADLEY  
Contact Telephone Number:  
Area: 615-572-0721

7c  
1-2-82

Accounting Period Ending:  
7-31  
Form 990 Required:  
Yes  
Exempt Applies:  
Yes

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(c)(13) of the Internal Revenue Code.

We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in sections 509(a)(2).

If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status. In the case of an amendment to your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, you should inform us of all changes in your name or address.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other Federal excise taxes. If you have any questions about excise, employment, or other Federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Code. Requests, legacies, bequests, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the

Letter 947 (DO/CG)

**NONRESIDENT HANDLED EMERGENCY**

applicable provisions of Code section 514(b)(2)(B) and 514(b)(2)(C).

The heading of this letter indicates that you must file Form 990, Return of Organization Exempt from Income Tax, if law is indicated, you are required to file Form 990 only if your gross receipts each year are normally more than \$50,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. The law imposes a penalty of \$10 a day, up to a maximum of \$5,000, when a return is filed later unless there is reasonable cause for the delay.

You are not required to file Federal income tax returns unless you are subject to the tax on unrelated business income under section 514 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-E, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your present or proposed localities are unrelated trade or business as defined in section 514 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your applications, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

If the heading of this letter indicates that a caveat applies, the caveat below or on the enclosure is an integral part of this letter.

Because this letter could help resolve your questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

Paul W. Adams  
District Director

MORRISTOWN HAMBLEN EMERGENCY

Based upon the facts and circumstances set forth in your organization's request for relief, the Chief, Exempt Organizations Conference and Review Unit, has granted, pursuant to Section 513(b)(1) of the Internal Revenue Regulations, an extension of the 15 month filing period required by Section 508-1(c)(2) of the Regulations.

Therefore, exemption under Section 501(c)(3) of the Code will be effective 9-24-84, the date your organization was formed.

**Internal Revenue Service**

**Department of the Treasury  
P. O. Box 2508  
Cincinnati, OH 45201**

**Date:** January 28, 2004

**Person to Contact:**

Mrs. Bonnie Lawson #31-07572  
Customer Service Representative

**Toll Free Telephone Number:**

8:00 a.m. to 6:30 p.m. EST  
877-829-5500

**Fax Number:**

513-263-3756

**Federal Identification Number:**

62-1211867

Morristown Hamblen Emergency Medical  
Service Company  
420 N. Jackson St.  
Morristown, TN 37814-3913

Dear Sir or Madam:

This is in response to your letter dated December 31, 2003, regarding your organization's tax-exempt status.

In January 1988, we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section 509(a)(2).

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000, when a return is filed late, unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Morristown Hamblen Emergency Medical Service Company  
62-1211867

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

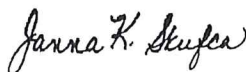
Section 6104 of the Internal Revenue Code requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. The law also requires organizations that received recognition of exemption on July 15, 1987, or later, to make available for public inspection a copy of the exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. Organizations that received recognition of exemption before July 15, 1987, and had a copy of their exemption application on July 15, 1987, are also required to make available for public inspection a copy of the exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. For additional information on disclosure requirements, please refer to Internal Revenue Bulletin 1999 - 17.

Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

This letter affirms your organization's exempt status.

Sincerely,



Janna K. Skufca, Acting Director, TE/GE  
Customer Account Services

**Internal Revenue Service**

**Date:** January 28, 2004

Morristown Hamblen Emergency Medical  
Service Company  
420 N. Jackson St.  
Morristown, TN 37814-3913

**Department of the Treasury**  
**P. O. Box 2508**  
**Cincinnati, OH 45201**

**Person to Contact:**

Mrs. Bonnie Lawson #31-07572  
Customer Service Representative

**Toll Free Telephone Number:**

8:00 a.m. to 6:30 p.m. EST  
877-829-5500

**Fax Number:**

513-263-3756


Dear Sir or Madam:

As requested in your letter dated December 31, 2003, I have enclosed a copy of the original determination letter for Morristown Hamblen Emergency Medical Service Company.

Please accept our apology for the delay in responding to your request and for any inconvenience this may have caused you or your organization.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,

  
Mrs. Bonnie Lawson #31-07572  
Customer Account Service