

**CAROLINAS UNION HEALTHCARE, INC.  
DBA: UNION EMERGENCY MEDICAL SERVICES  
Monroe, North Carolina**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2024 AND 2023**



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**CAROLINAS UNION HEALTHCARE, INC.  
DBA: UNION EMERGENCY MEDICAL SERVICES  
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YEARS ENDED JUNE 30, 2024 AND 2023**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Carolinas Union Healthcare, Inc.  
dba: Union Emergency Medical Services  
Monroe, North Carolina

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

#### ***Opinion***

We have audited the accompanying financial statements of Carolinas Union Healthcare, Inc. dba: Union Emergency Medical Services (the Company) as of and for the years ended June 30, 2024 and 2023, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2024 and 2023, and the changes in its financial position 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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.

#### ***Management's Responsibility 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, which raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' 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 auditors' 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 the 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, which raise substantial doubt about the 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.

Board of Directors  
Carolinas Union Healthcare, Inc.  
dba: Union Emergency Medical Services

**Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The reconciliation of changes in net position is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
November 21, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CAROLINAS UNION HEALTHCARE, INC.  
DBA: UNION EMERGENCY MEDICAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024 AND 2023**

**Overview of the Financial Statements**

These financial statements include management's discussion and analysis, the basic financial statements and a supplemental schedule of Carolinas Union Healthcare, Inc. dba: Union Emergency Medical Services (the Company). The financial statements also include notes that explain in more detail some of the information in the financial statements.

**Required Financial Statements**

The Company's financial statements report information of the Company using accounting methods similar to those used by private-sector health care organizations. These statements offer short and long-term financial information about its activities. The statement of net position includes all of the Company's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Company's creditors (liabilities). The statement of net position also provides the basis for evaluating the capital structure of the Company and assessing the liquidity and financial flexibility of the Company.

All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the Company's operations over the past year and can be used to determine whether the Company has successfully recovered all of its costs through its fees and other sources of revenue, profitability, and credit worthiness.

The final required statement is the statement of cash flows. This statement reports cash receipts, cash payments, and net changes in cash – resulting from operating, investing, and financing activities. It also provides answers to such questions as where cash came from, what was cash used for and what was the change in the cash balance during the reporting period.

**Financial Analysis of the Company**

The statement of net position and the statement of revenues, expenses, and changes in net position report the net assets of the Company and the changes in them. The Company's net position—the difference between assets and liabilities—is a way to measure financial health or financial position. Over time, increases or decreases in the Company's net position is one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other nonfinancial factors such as changes in economic conditions, population growth, and new or changed governmental legislation.

**CAROLINAS UNION HEALTHCARE, INC.  
DBA: UNION EMERGENCY MEDICAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024 AND 2023**

**Net Position**

A summary of the Company's statements of net position at June 30, 2024, 2023, and 2022 is presented in Table A-1.

**Table A-1  
Condensed Statements of Net Position  
June 30, 2024, 2023 and 2022**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current Assets	\$ 8,834,462	\$ 5,942,021	\$ 5,441,894
Capital Assets	<u>3,101,258</u>	<u>2,905,489</u>	<u>3,377,886</u>
Total Assets	<u>\$ 11,935,720</u>	<u>\$ 8,847,510</u>	<u>\$ 8,819,780</u>
Current Liabilities	\$ 4,451,197	\$ 2,701,067	\$ 3,094,264
Long-Term Liabilities	<u>74,314</u>	<u>222,942</u>	<u>371,571</u>
Total Liabilities	<u>4,525,511</u>	<u>2,924,009</u>	<u>3,465,835</u>
Net Position:			
Net Investment in Capital Assets	2,878,316	2,533,919	2,857,687
Unrestricted	<u>4,531,893</u>	<u>3,389,582</u>	<u>2,496,258</u>
Total Net Position	<u>7,410,209</u>	<u>5,923,501</u>	<u>5,353,945</u>
Total Liabilities and Net Position	<u>\$ 11,935,720</u>	<u>\$ 8,847,510</u>	<u>\$ 8,819,780</u>

The net position of the Company increased to \$7,410,209 during 2024; an increase of \$1,486,708 from 2023 due to income from operations in 2024 as well as an increase in nonoperating income.



**CAROLINAS UNION HEALTHCARE, INC.  
DBA: UNION EMERGENCY MEDICAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024 AND 2023**

**Statements of Revenues, Expenses, and Changes in Net Position**

While the statements of net position show the change in financial position, the statements of revenues, expenses, and changes in net position provide answers to the nature and source of these changes.

**Table A-2  
Condensed Statements of Revenues, Expenses, and Changes in Net Position  
Years Ended June 30, 2024, 2023, and 2022**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating Revenues	\$ 16,996,824	\$ 15,261,890	\$ 13,229,803
Nonoperating Income	84,218	51,639	5,548
Total	<u>17,081,042</u>	<u>15,313,529</u>	<u>13,235,351</u>
Employee Compensation and Benefits	10,812,866	10,144,793	9,968,452
Depreciation	1,318,267	1,379,222	1,141,611
Other Expenses	<u>3,463,201</u>	<u>3,219,958</u>	<u>2,804,639</u>
	<u>15,594,334</u>	<u>14,743,973</u>	<u>13,914,702</u>
Increase (Decrease) in Net Position	1,486,708	569,556	(679,351)
Net Position - Beginning of Year	<u>5,923,501</u>	<u>5,353,945</u>	<u>6,033,296</u>
Net Position - End of Year	<u>\$ 7,410,209</u>	<u>\$ 5,923,501</u>	<u>\$ 5,353,945</u>

The Company's operating revenues increased approximately 11% in 2024. The Company's operating expenses increased approximately 6% in 2024 due primarily to increases in employee compensation and benefits.

**Table A-3  
Capital Assets  
June 30, 2024, 2023, and 2022**

The Company's capital assets, net of accumulated depreciation, are as follows at June 30, 2024, 2023, and 2022:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Furniture and Equipment	\$ 1,395,302	\$ 956,143	\$ 1,245,117
Vehicles	<u>1,705,956</u>	<u>1,949,346</u>	<u>2,132,769</u>
Total	<u>\$ 3,101,258</u>	<u>\$ 2,905,489</u>	<u>\$ 3,377,886</u>

**CAROLINAS UNION HEALTHCARE, INC.  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024 AND 2023**

**Economic and Other Factors**

The Company is subject to a highly regulated environment and affected by a number of factors beyond the Company's control. Any combination of these could impact the Company. Significant concerns in the coming months include: 1) increasingly challenging reimbursement environment as well as recent changes to the North Carolina Medicaid program, 2) nationwide staffing shortages that have resulted to increased cost to recruit and retain qualified paramedics.

As noted above, a significant concern is the increasingly challenging reimbursement environment. Many of the patients the Company cares for are insured by Medicare or Medicaid. These payors only provide reimbursement at set rates, regardless of the actual cost required to provide the service, which is much higher than the dollars recouped. With the upcoming election the Company is unable to determine how the Medicare and Medicaid plan will be impacted in the following years. Another challenge that has presented itself in the last several years is the increase in high deductible plans for insured patients. While these patients start off as commercial payers, many of them have not met their deductible and are moved to self-pay. Collections on self-pay patients are significantly harder to collect.

In the past several years we have seen significant growth in Union County and an increase in the number of trips each year. With the demand the need to hire more staff also increases. EMS providers nationwide are dealing with a highly competitive labor market along with a shortage of qualified paramedics. We continue to increase our hourly wages to remain competitive with the current labor market. These increases will have a negative financial impact going forward.

The Company will be challenged to find opportunities to combat the negative financial impacts of the labor markets, the ongoing commercial and governmental reimbursement pressures, and inflationary impacts on supplies and services. Because of the unpredictable nature of the industry, the future financial impacts cannot be determined at this time.

**Finance Contact**

The Company's financial statements are designed to present users with a general overview of the Company's finances and to demonstrate the Company's accountability. If you have any questions about the report or need additional financial information, please contact Finance Department, Union Emergency Medical Services, P. O. Box 5003, Monroe, North Carolina 28111.

**CAROLINAS UNION HEALTHCARE, INC.  
DBA: UNION EMERGENCY MEDICAL SERVICES  
STATEMENTS OF NET POSITION  
JUNE 30, 2024 AND 2023**

	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 7,285,892	\$ 4,434,748
Patient Accounts Receivable, Net of Allowances of \$1,972,177 and \$1,973,170 in 2024 and 2023, Respectively	1,463,277	1,474,901
Other	85,293	32,372
Total Current Assets	8,834,462	5,942,021
<b>CAPITAL ASSETS, AT COST</b>		
Accumulated Depreciation	(6,797,686)	(6,134,063)
Total Capital Assets, Net	3,101,258	2,905,489
Total Assets	\$ 11,935,720	\$ 8,847,510
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 527,617	\$ 386,367
Due to Related Parties	2,863,061	1,459,768
Other Liabilities and Accruals	911,891	706,304
Current Portion of Long-Term Debt	148,628	148,628
Total Current Liabilities	4,451,197	2,701,067
<b>LONG-TERM DEBT, NET OF CURRENT PORTION</b>		
Total Liabilities	74,314	222,942
<b>NET POSITION</b>		
Net Investment in Capital Assets	2,878,316	2,533,919
Unrestricted	4,531,893	3,389,582
Total Net Position	7,410,209	5,923,501
Total Liabilities and Net Position	\$ 11,935,720	\$ 8,847,510

See accompanying Notes to Financial Statements.

**CAROLINAS UNION HEALTHCARE, INC.  
DBA: UNION EMERGENCY MEDICAL SERVICES  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>UNRESTRICTED REVENUES AND OTHER SUPPORT</b>		
Patient Service Revenue (Net of Provision for Uncollectible Accounts of \$2,187,275 and \$1,951,546 in 2024 and 2023, Respectively)	\$ 6,814,577	\$ 6,193,959
Union County Funding	10,138,579	9,020,316
Other Revenue	43,668	47,615
Total Revenues	16,996,824	15,261,890
<b>OPERATING EXPENSES</b>		
Employee Compensation and Benefits	10,812,866	10,144,793
Depreciation	1,318,267	1,379,222
Other Expenses	3,463,201	3,219,958
Total Operating Expenses	15,594,334	14,743,973
<b>OPERATING INCOME</b>	1,402,490	517,917
<b>NONOPERATING INCOME</b>		
Investment Income	68,718	39,185
Gains on Disposal of Assets	15,500	12,454
Total Nonoperating Income	84,218	51,639
<b>INCREASE IN NET POSITION</b>	1,486,708	569,556
Net Position - Beginning of Year	5,923,501	5,353,945
<b>NET POSITION - END OF YEAR</b>	\$ 7,410,209	\$ 5,923,501

See accompanying Notes to Financial Statements.

**CAROLINAS UNION HEALTHCARE, INC.  
DBA: UNION EMERGENCY MEDICAL SERVICES  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Patients	\$ 7,133,869	\$ 5,960,273
Cash Received from Union County	10,138,579	9,020,316
Cash Paid for Goods and Services	(5,409,184)	(5,519,781)
Cash Paid to Employees for Services	(7,432,537)	(8,002,042)
Net Cash Provided by Operating Activities	4,430,727	1,458,766
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments on Notes Payable	(148,628)	(148,629)
Purchases of Property and Equipment	(1,514,036)	(906,872)
Proceeds from Sale of Property and Equipment	15,500	12,501
Net Cash Used by Capital and Related Financing Activities	(1,647,164)	(1,043,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Income	67,581	36,485
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,851,144	452,251
Cash and Cash Equivalents - Beginning of Year	4,434,748	3,982,497
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 7,285,892	\$ 4,434,748
<b>RECONCILIATION OF OPERATING GAIN TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 1,402,490	\$ 517,917
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	1,318,267	1,379,222
Changes in:		
Patient Accounts Receivable, Net	11,624	(103,972)
Due to Related Parties	1,403,293	278,424
Other Operating Assets and Liabilities	295,053	(612,825)
Net Cash Provided by Operating Activities	\$ 4,430,727	\$ 1,458,766

See accompanying Notes to Financial Statements.

**CAROLINAS UNION HEALTHCARE, INC.  
DBA: UNION EMERGENCY MEDICAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

On May 1, 1997, Carolinas Union Healthcare, Inc. dba: Union Emergency Medical Services (the Company) and Union County, North Carolina (the County) entered into a contract, whereby the Company began providing emergency medical services for the benefit of the citizens of the County. The Company is a subsidiary of Charlotte-Mecklenburg Hospital Authority dba: Atrium Health (Formerly Carolinas HealthCare System).

The Company is exempt from federal income taxes on related income pursuant to Section 115 of the Internal Revenue Code (IRC).

**Basis of Presentation**

Due to its relationship with Atrium Health and the County, the Company is subject to the application of accounting pronouncements issued by the Government Accounting Standards Board (GASB). The Company utilizes proprietary fund accounting whereby revenues and expenses are recognized on an accrual basis. In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*. This statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board Statements, which does not conflict with or contradict GASB pronouncements.

**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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Company considers all highly liquid assets with a maturity of three months or less when purchased to be cash and cash equivalents.

*Custodial Risk* – At times, cash and investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes there is no significant risk of loss associated with these deposits.

*Interest Rate Risk and Credit Risk* – The Company's cash and cash equivalents have no interest rate or credit risk at June 30, 2024 and 2023.

**CAROLINAS UNION HEALTHCARE, INC.  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Patient Accounts Receivable and Allowance for Uncollectible Accounts**

The Company provides an allowance for uncollectible self-pay and miscellaneous commercial insurance accounts. Patients are not required to provide collateral for services rendered. Payment for services is required upon receipt of an invoice, after payment by insurance, if any. Self-pay accounts are analyzed for collectability based on the months past due and payment history. An allowance is estimated for these accounts based on the historical experience of the Company. Accounts that are determined to be uncollectible are sent to a collection agency and written off at that time.

**Property and Equipment**

Property and equipment are recorded at cost. Ordinary repairs and maintenance costs are expensed as incurred. Property and equipment contributed from the County were recorded at estimated fair market value at May 1, 1997. Upon sale or retirement of the asset, the cost and related accumulated depreciation are relieved from the respective accounts and the resulting gain or loss is credited or charged to nonoperating income or loss. Depreciation is computed using the straight-line method over estimated useful lives ranging from 3 to 20 years.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

**Compensated Absences**

The Company has a compensated absences policy covering all full-time employees. Vacation leave may be accumulated without any applicable maximum. As of June 30, 2024 and 2023, the accrued vacation balance was approximately \$911,000 and \$703,000, respectively, and is included in other liabilities and accruals in the accompanying statements of net position.

**Financial Assistance**

The Company provides care to patients who meet certain criteria under its financial assistance policy without charge or at amounts less than its established rates. The estimated cost of financial assistance, based on revenues lost under the Company's financial assistance policy applied against an estimated cost-to-charge ratio, was approximately \$199,000 and \$345,000 for the years ended June 30, 2024 and 2023, respectively.

**CAROLINAS UNION HEALTHCARE, INC.  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Patient Service Revenue**

Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Patient service revenue for the years ended June 30 consists of:

	<u>2024</u>	<u>2023</u>
Gross Patient Charges at Established Rates	\$ 12,514,796	\$ 11,078,837
Less:		
Contractual Adjustments	3,260,122	2,527,493
Financial Assistance	249,808	405,839
Provision for Uncollectible Accounts	<u>2,190,289</u>	<u>1,951,546</u>
Total	<u>5,700,219</u>	<u>4,884,878</u>
Patient Service Revenue	<u>\$ 6,814,577</u>	<u>\$ 6,193,959</u>

**NOTE 2 ACCOUNTS RECEIVABLE AND CURRENT LIABILITIES**

Patient accounts receivable and current liabilities reported as current assets and liabilities by the Company at June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Patient Accounts Receivable		
Receivables:		
Patients	\$ 2,102,654	\$ 1,858,103
Insurance	349,989	379,197
Medicare	531,809	658,215
Medicaid	274,687	369,604
Other	<u>176,315</u>	<u>182,952</u>
Total Gross Receivables	3,435,454	3,448,071
Allowances for Doubtful Accounts and Contractual		
Allowances	<u>(1,972,177)</u>	<u>(1,973,170)</u>
Total Patient Receivables, Net	<u>\$ 1,463,277</u>	<u>\$ 1,474,901</u>
Current Liabilities		
Vendors	\$ 527,617	\$ 386,367
Compensated Absences	911,222	703,260
Due to Related Parties	2,863,061	1,459,768
Insurance and Other	669	3,044
Current Portion of Long-Term Debt	<u>148,628</u>	<u>148,628</u>
Total Current Liabilities	<u>\$ 4,451,197</u>	<u>\$ 2,701,067</u>



**CAROLINAS UNION HEALTHCARE, INC.  
DBA: UNION EMERGENCY MEDICAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 3 CAPITAL ASSETS**

The components of capital assets for the years ended June 30 are as follows:

	2024			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital Assets at Cost:				
Buildings	\$ 69,285	\$ -	\$ -	\$ 69,285
Furniture and Equipment	2,628,960	801,325	(13,631)	3,416,654
Vehicles	6,341,307	712,711	(641,013)	6,413,005
Total Capital Assets at Cost	<u>9,039,552</u>	<u>1,514,036</u>	<u>(654,644)</u>	<u>9,898,944</u>
Less Accumulated Depreciation for:				
Buildings	(69,285)	-	-	(69,285)
Furniture and Equipment	(1,672,817)	(362,166)	13,631	(2,021,352)
Vehicles	(4,391,961)	(956,101)	641,013	(4,707,049)
Total Accumulated Depreciation	<u>(6,134,063)</u>	<u>(1,318,267)</u>	<u>654,644</u>	<u>(6,797,686)</u>
Capital Assets, Net	<u>\$ 2,905,489</u>	<u>\$ 195,769</u>	<u>\$ -</u>	<u>\$ 3,101,258</u>
	2023			Ending Balance
	Beginning Balance	Increases	Decreases	Balance
Capital Assets at Cost:				
Buildings	\$ 69,285	\$ -	\$ -	\$ 69,285
Furniture and Equipment	2,637,437	64,940	(73,417)	2,628,960
Vehicles	6,372,093	841,932	(872,718)	6,341,307
Total Capital Assets at Cost	<u>9,078,815</u>	<u>906,872</u>	<u>(946,135)</u>	<u>9,039,552</u>
Less Accumulated Depreciation for:				
Buildings	(69,285)	-	-	(69,285)
Furniture and Equipment	(1,392,320)	(353,914)	73,417	(1,672,817)
Vehicles	(4,239,324)	(1,025,308)	872,671	(4,391,961)
Total Accumulated Depreciation	<u>(5,700,929)</u>	<u>(1,379,222)</u>	<u>946,088</u>	<u>(6,134,063)</u>
Capital Assets, Net	<u>\$ 3,377,886</u>	<u>\$ (472,350)</u>	<u>\$ (47)</u>	<u>\$ 2,905,489</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was approximately \$1,318,000 and \$1,379,000, respectively.

**NOTE 4 RELATED PARTY TRANSACTIONS**

Atrium Health pays certain expenses on behalf of the Company and the Company reimburses Atrium Health for those expenses.

In addition, an Atrium Health affiliate provides certain human resource and miscellaneous services to the Company. The amounts incurred for human resource and miscellaneous services was approximately \$36,000 and \$177,000 respectively, for the year ended June 30, 2024 and \$35,000 and \$151,000, respectively, for the year ended June 30, 2023.

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**NOTE 4 RELATED PARTY TRANSACTIONS (CONTINUED)**

At June 30, 2024 and 2023, the Company owed Atrium Health and its affiliate approximately \$2,863,000 and \$1,460,000, respectively, for these services.

**NOTE 5 EMPLOYEE BENEFIT PLANS**

Atrium Health has a single employer defined benefit pension plan and all full-time employees of the Company who were employed prior to age 60 are eligible to participate in the plan. The plan provides pension benefits to vested participants who have attained five or more years of service. Those benefits are based on years of service and the employee's compensation. The Board of Commissioners of Atrium Health has the authority to amend plan provisions.

Amounts funded for the plan are based upon actuarial calculations. There are no employee contributions to the plan. The Company's cost of Atrium Health annual pension cost was approximately \$112,000 for the year ended June 30, 2024. The Company's share of Atrium Health annual pension cost was approximately \$96,000 for the year ended June 30, 2023. The pension plan was frozen for all teammates effective January 1, 2018, after which no additional benefits accrue under the Atrium Health DB Plan.

Atrium Health also has a defined contribution retirement plan under Section 401(k) of the IRC covering all full-time employees of Atrium Health, including the Company. The plan is funded by voluntary employee contributions and certain matching contributions by Atrium Health. The total expense for the Company for this plan was approximately \$534,000 and \$494,000 for the years ended June 30, 2024 and 2023, respectively.

**NOTE 6 LONG-TERM DEBT**

During the year ended June 30, 2021, the Company entered into an agreement to purchase capital equipment in the amount of \$745,072. The debt is to be paid in ten equal installments with the last payment to be made July 15, 2025.

Annual payments for the years subsequent to June 30, 2024 follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 152,490
2026	76,245
Total	<u>228,735</u>
Less: Interest	(5,793)
Total Long Term Debt	<u><u>\$ 222,942</u></u>

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**NOTE 6 LONG-TERM DEBT (CONTINUED)**

A summary of changes in long-term debt for the years ended June 30, 2024 and 2023 is as follows:

	Balance June 30, 2023	Additions	Principal Payments	Retirements	Balance June 30, 2024
Long-Term Debt	\$ 371,570	\$ -	\$ (148,628)	\$ -	\$ 222,942

  

	Balance June 30, 2022	Additions	Principal Payments	Retirements	Balance June 30, 2023
Long-Term Debt	\$ 520,199	\$ -	\$ (148,629)	\$ -	\$ 371,570

**NOTE 7 COMMITMENTS AND CONTINGENCIES**

The Company is subject to legal proceedings and claims which arise in the course of providing health care services. The Company maintains malpractice insurance coverage for claims made during the term of the policy. In the opinion of management, after consultation with legal counsel, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for unasserted claims not covered by the policy and any other uninsured liability.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

**NOTE 8 CONCENTRATIONS OF CREDIT RISK**

At times, cash and investments may be in excess of the FDIC insurance limits. Management believes there is no risk of loss associated with these deposits.

The Company also grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30 is as follows:

	2024	2023
Medicare	16 %	19 %
Medicaid	8	11
Private and Other	76	70
	100 %	100 %

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**NOTE 9 CONCENTRATION OF RISK**

During 2024 and 2023, the Company received approximately 60% and 59%, respectively, of total revenues each year from appropriations from Union County. Any significant change in this funding could result in a significant change to the operations of the Company.

**CAROLINAS UNION HEALTHCARE, INC.  
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 RECONCILIATION OF CHANGES IN NET POSITION  
 YEARS ENDED JUNE 30, 2024 AND 2023  
 (SEE INDEPENDENT AUDITORS' REPORT)**

	2024	2023
Increase in Net Position	\$ 1,486,708	\$ 569,556
Current Period Adjustments:		
Depreciation	1,318,267	1,379,222
Expenditures for Property and Equipment	(1,514,036)	(906,872)
Adjusted Increase in Net Position	\$ 1,290,939	\$ 1,041,906



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