

Patient AirLift Services, Inc.
Report on Financial Statements
Period from April 13, 2010
(Date of Inception) to December 31, 2010

PATIENT AIRLIFT SERVICES, INC.

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Report of Independent Public Accountants

To the Board of Directors
Patient AirLift Services, Inc.

We have audited the accompanying statement of financial position of Patient AirLift Services, Inc. (the "Organization") as of December 31, 2010, and the related statements of activities and cash flows for the period from April 13, 2010 (Date of Inception) to December 31, 2010. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Patient AirLift Services, Inc. as of December 31, 2010, and the changes in its net assets and cash flows for the period from April 13, 2010 (Date of Inception) to December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

 J.H. Cohn LLP

Roseland, New Jersey
April 18, 2011

PATIENT AIRLIFT SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS

Current assets:	
Cash	\$ 391,533
Contributions receivable, net of reserve for bad debts of \$1,000	16,247
Prepaid expenses and other current assets	<u>3,352</u>
Total current assets	411,132
Furniture and equipment, net	<u>8,362</u>
Total	<u><u>\$ 419,494</u></u>

LIABILITIES AND NET ASSETS

Liabilities - accounts payable and accrued expenses	\$ 15,935
Commitments	
Net assets - unrestricted	<u>403,559</u>
Total	<u><u>\$ 419,494</u></u>

See Notes to Financial Statements.

PATIENT AIRLIFT SERVICES, INC.

**STATEMENT OF ACTIVITIES
PERIOD FROM APRIL 13, 2010 (DATE OF INCEPTION) TO DECEMBER 31, 2010**

Public support and revenue:	
Contributions	\$ 264,700
Grants	7,500
Special events revenue	457,533
Other income	1,633
Total public support and revenue	<u>731,366</u>
Expenses:	
Program	234,745
Special events expenses	60,827
General and administrative	32,235
Total expenses	<u>327,807</u>
Change in unrestricted net assets	403,559
Unrestricted net assets, beginning of period	<u>-</u>
Unrestricted net assets, end of period	<u>\$ 403,559</u>

See Notes to Financial Statements.

PATIENT AIRLIFT SERVICES, INC.

**STATEMENT OF CASH FLOWS
PERIOD FROM APRIL 13, 2010 (DATE OF INCEPTION) TO DECEMBER 31, 2010**

Operating activities:	
Change in unrestricted net assets	\$ 403,559
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:	
Depreciation	1,106
Reserve for doubtful accounts	1,000
Noncash contribution	(3,370)
Changes in operating assets and liabilities:	
Contributions receivable	(17,247)
Accounts payable and accrued expenses	15,935
Prepaid expenses and other current assets	(3,352)
Net cash provided by operating activities	<u>397,631</u>
Investing activities - acquisition of furniture and equipment	<u>(6,098)</u>
Net increase in cash	391,533
Cash, beginning of period	<u>-</u>
Cash, end of period	<u><u>\$ 391,533</u></u>

See Notes to Financial Statements.

PATIENT AIRLIFT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Organization:

Patient AirLift Services, Inc. (the "Organization") is a charitable nonprofit organization whose purpose is to arrange free air transportation to individuals requiring medical care and for other humanitarian purposes.

Note 2 - Summary of significant accounting policies:

Basis of presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of credit risk:

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash. The Organization places its cash investments with high credit quality financial institutions. At times, such amounts may exceed Federally insured limits. At December 31, 2010, the Organization had no cash in excess of Federally insured limits currently protected under the FDIC's temporary liquidity guarantee program.

Contributions receivable:

Contributions are recognized when the donor makes a pledge to the Organization that is, in substance, unconditional.

The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on management's analysis of specific promises made.

Contributions:

Revenue is recognized when unconditional promises to give are made.

Allocation of expenses:

Expenses by function have been allocated among program and general and administrative services on the basis of time records and estimates made by management.

PATIENT AIRLIFT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of significant accounting policies (continued):

Income taxes:

The Organization is incorporated in the State of New York as a nonprofit organization and is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for Federal or state income taxes is required.

The Organization adopted the new accounting for uncertainty in income taxes guidance on April 13, 2010 (Date of inception). The adoption of that guidance did not result in the recognition of any unrecognized tax benefits at December 31, 2010.

If applicable, the Organization would recognize interest and penalties associated with tax matters as general and administrative expenses and include accrued interest and penalties with accounts payable in the statement of financial position. There were no interest or penalties paid for the period from April 13, 2010 (Date of inception) to December 31, 2010.

Financial statement presentation:

The financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets. Unrestricted net assets represent expendable funds available for operations that are not otherwise limited by donor restrictions. Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reported as net assets released from restriction. Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity, usually for the purpose of generating investment income to fund current operations.

Contributions received with donor restrictions, where the restriction expires in the period of receipt, are recorded as unrestricted contributions. As of December 31, 2010, the Organization had no temporarily or permanently restricted net assets.

PATIENT AIRLIFT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of significant accounting policies (concluded):

Furniture and equipment:

Furniture and equipment is recorded at cost if purchased or at fair value on the date of donation. Depreciation is provided on the straight-line basis over the estimated useful life of the asset. Expenditures for repairs and maintenance are expensed as incurred.

Subsequent events:

The Organization has evaluated subsequent events through April 18, 2011, which is the date the financial statements were available to be issued.

Note 3 - Furniture and equipment:

Furniture and equipment are comprised of the following:

	<u>Range of Estimated Useful Lives</u>	
Furniture and equipment	2-5 years	\$9,468
Less accumulated depreciation		<u>1,106</u>
Total		<u>\$8,362</u>

Note 4 - Related party transactions:

During 2010, the Organization received contributions from related parties that totaled \$87,831. The Organization also had related party receivables of \$4,754 as of December 31, 2010, which is included in contributions receivable. Donated services received from related parties totaled \$88,027.

Note 5 - Commitments:

As of December 31, 2010, the Organization has operating lease commitments of \$8,500 that go through September 14, 2011. Rent expense amounted to \$3,500 for the period from April 13, 2010 (Date of inception) to December 31, 2010.

PATIENT AIRLIFT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 6 - In-kind contributions:

The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

The Organization received the following donated services and items during the period from April 13, 2010 (Date of inception) to December 31, 2010, with a fair value as follows:

Pilot services	\$126,784
Professional services	5,645
Furniture and equipment	3,370
Airline tickets	2,400
Office supplies	<u>1,600</u>
 Total	 <u><u>\$139,799</u></u>