

Patient AirLift Services, Inc.
Report on Financial Statements
Year Ended December 31, 2011 and
Period from April 13, 2010
(Date of Inception) to December 31, 2010

PATIENT AIRLIFT SERVICES, INC.

Index

	<u>Page</u>
Report of Independent Public Accountants	2
Statements of Financial Position December 31, 2011 and 2010	3
Statements of Activities Year Ended December 31, 2011 and the Period from April 13, 2010 (Date of Inception) to December 31, 2010	4
Statements of Cash Flows Year Ended December 31, 2011 and the Period from April 13, 2010 (Date of Inception) to December 31, 2010	5
Notes to Financial Statements	6-9

Report of Independent Public Accountants

To the Board of Directors
Patient AirLift Services, Inc.

We have audited the accompanying statements of financial position of Patient AirLift Services, Inc. (the "Organization") as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the year ended December 31, 2011 and 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 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 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 audits provide 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, 2011 and 2010, and the changes in its net assets and cash flows for the year ended December 31, 2011 and 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 12, 2012

PATIENT AIRLIFT SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 991,953	\$ 391,533
Contributions receivable, net of allowance for doubtful accounts of \$975 and \$1,000	1,200	16,247
Prepaid expenses and other current assets	11,745	3,352
Total current assets	<u>1,004,898</u>	<u>411,132</u>
 Furniture and equipment, net	 <u>89,369</u>	 <u>8,362</u>
 Totals	 <u>\$ 1,094,267</u>	 <u>\$ 419,494</u>

LIABILITIES AND NET ASSETS

Liabilities - accounts payable and accrued expenses	\$ 26,332	\$ 15,935
Commitments		
Net assets - unrestricted	<u>1,067,935</u>	<u>403,559</u>
Totals	<u>\$ 1,094,267</u>	<u>\$ 419,494</u>

See Notes to Financial Statements.

PATIENT AIRLIFT SERVICES, INC.

**STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011 AND THE PERIOD FROM APRIL 13, 2010
(DATE OF INCEPTION) TO DECEMBER 31, 2010**

	2011	April 13, 2010 (Date of Inception) to December 31, 2010
Public support and revenue:		
Contributions	\$ 1,328,327	\$ 264,700
Grants		7,500
Special events revenue	249,431	457,533
Other income	4,239	1,633
Total public support and revenue	1,581,997	731,366
Expenses:		
Program	656,905	234,745
Special events expenses	203,705	60,827
General and administrative	57,011	32,235
Total expenses	917,621	327,807
Change in unrestricted net assets	664,376	403,559
Unrestricted net assets, beginning of period	403,559	-
Unrestricted net assets, end of period	\$ 1,067,935	\$ 403,559

See Notes to Financial Statements.

PATIENT AIRLIFT SERVICES, INC.

**STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011 AND THE PERIOD FROM APRIL 13, 2010
(DATE OF INCEPTION) TO DECEMBER 31, 2010**

	<u>2011</u>	<u>April 13, 2010 (Date of Inception) to December 31, 2010</u>
Operating activities:		
Change in unrestricted net assets	\$ 664,376	\$ 403,559
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation	3,874	1,106
Net realized gain on investments	(89)	
Donated securities	(15,096)	
Bad debt expense	975	1,000
Noncash contribution of furniture and equipment	(82,534)	(3,370)
Changes in operating assets and liabilities:		
Contributions receivable	14,072	(17,247)
Prepaid expenses and other current assets	(8,393)	(3,352)
Accounts payable and accrued expenses	10,397	15,935
Net cash provided by operating activities	<u>587,582</u>	<u>397,631</u>
Investing activities:		
Acquisition of furniture and equipment	(2,347)	(6,098)
Proceeds from sale of donated securities	15,185	
Net cash provided by (used in) investing activities	<u>12,838</u>	<u>(6,098)</u>
Net increase in cash and cash equivalents	600,420	391,533
Cash, beginning of period	<u>391,533</u>	-
Cash and cash equivalents, end of period	<u>\$ 991,953</u>	<u>\$ 391,533</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 within the entire northeast United States, as far west as Ohio and as far south as Virginia, 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 and cash equivalents. Cash equivalents include highly liquid investments with a maturity of three months or less when acquired. The Organization places its cash and cash equivalents with high credit quality financial institutions. At December 31, 2011, the Organization had no cash and cash equivalents in excess of Federally insured limits currently protected under current FDIC insured limits and 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:

Contributions are recognized when unconditional promises to give are made. For the year ended December 31, 2011, there was one donor whose contributions comprised 48% of total public support revenue. For the period from April 13, 2010 (date of inception) to December 31, 2010, no contribution concentrations existed.

PATIENT AIRLIFT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

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

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.

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 has no unrecognized tax benefits as of December 31, 2011 and 2010. All tax years are currently open as the Organization commenced operations in April 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 accrued expenses in the statements of financial position. There were no interest or penalties paid for the year ended December 31, 2011 or 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 restrictions. 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, 2011 and 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 (3 - 7 years). Expenditures for repairs and maintenance are expensed as incurred.

Reclassifications:

Certain amounts in the accompanying 2010 financial statements have been reclassified to conform with the 2011 presentation.

Subsequent events:

The Organization has evaluated subsequent events through April 12, 2012, 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>2011</u>	<u>2010</u>
Computer equipment	\$ 8,445	\$6,098
Transportation equipment	78,894	
Furniture	<u>7,010</u>	<u>3,370</u>
Totals	94,349	9,468
Less accumulated depreciation	<u>4,980</u>	<u>1,106</u>
Totals	<u>\$89,369</u>	<u>\$8,362</u>

Note 4 - Related party transactions:

The Organization received contributions from related parties that totaled \$59,183 and \$87,831 for the year ended December 31, 2011 and for the period from April 13, 2010 (Date of Inception) to December 31, 2010, respectively. The Organization also had related party receivables of \$4,754 as of December 31, 2010, which are included in contributions receivable. There were no related party receivables as of December 31, 2011. Donated services received from related parties totaled \$175,607 and \$88,027 for the year ended December 31, 2011 and for the period from April 13, 2010 (date of inception) to December 31, 2010, respectively.

PATIENT AIRLIFT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 5 - Lease commitments:

As of December 31, 2011, the Organization has operating lease commitments that expire on August 31, 2013. Lease commitments in each of the years subsequent to December 31, 2011 amount to \$21,450 in 2012 and \$14,300 in 2013. Rent expense amounted to \$16,151 in 2011 and \$3,500 for the period from April 13, 2010 (date of inception) to December 31, 2010.

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 furniture and equipment.

The Organization received the following donated services and items during the year ended December 31, 2011 and the period from April 13, 2010 (date of inception) to December 31, 2010 with fair values as follows:

	Year Ended December 31, 2011	April 13, 2010 (Date of Inception) To December 31, 2010
Pilot services	\$354,041	\$126,784
Donated securities	15,096	
Professional services	9,150	5,645
Furniture and equipment	3,640	3,370
Airline tickets	12,200	2,400
Office supplies		1,600
Airplane	<u>78,894</u>	
Totals	<u>\$473,021</u>	<u>\$139,799</u>