



**Patient AirLift Services, Inc.**  
**Financial Statements  
and Independent Auditor's Report**  
**December 31, 2016 and 2015**

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# Patient AirLift Services, Inc.

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Independent Auditor's Report

To the Board of Directors  
Patient AirLift Services, Inc.

We have audited the accompanying financial statements of Patient AirLift Services, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*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, 2016 and 2015, 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.



Roseland, New Jersey  
April 4, 2017

Patient AirLift Services, Inc.

Statements of Financial Position  
December 31, 2016 and 2015

	<u>Assets</u>	
	<u>2016</u>	<u>2015</u>
Current assets		
Cash and cash equivalents	\$ 1,999,378	\$ 1,829,351
Contributions receivable, net of allowance for doubtful accounts of \$2,150 and \$7,125	1,950	8,767
Prepaid expenses and other current assets	<u>49,295</u>	<u>23,945</u>
Total current assets	2,050,623	1,862,063
Furniture and equipment, net	<u>612</u>	<u>2,520</u>
Total	<u>\$ 2,051,235</u>	<u>\$ 1,864,583</u>
	<u>Liabilities and Net Assets</u>	
Current liabilities		
Accounts payable and accrued expenses	<u>\$ 59,655</u>	<u>\$ 47,676</u>
Total liabilities	59,655	47,676
Commitments		
Net assets - unrestricted	<u>1,991,580</u>	<u>1,816,907</u>
Total	<u>\$ 2,051,235</u>	<u>\$ 1,864,583</u>

See Notes to Financial Statements.

**Patient AirLift Services, Inc.**

**Statements of Activities  
Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Public support and revenue		
Contributions	\$ 3,248,695	\$ 2,846,130
Special events revenue	565,883	276,504
Other income	1,527	1,537
Realized gain on sale of investments	173	-
	<u>3,816,278</u>	<u>3,124,171</u>
Total public support and revenue		
Expenses		
Program	3,308,347	2,832,422
Special events expenses	133,988	60,842
Fundraising expenses	121,035	81,384
Realized loss on sale of investments	-	2,806
General and administrative	78,235	95,790
	<u>3,641,605</u>	<u>3,073,244</u>
Total expenses		
Change in unrestricted net assets	174,673	50,927
Unrestricted net assets, beginning	<u>1,816,907</u>	<u>1,765,980</u>
Unrestricted net assets, end	<u>\$ 1,991,580</u>	<u>\$ 1,816,907</u>

See Notes to Financial Statements.

**Patient AirLift Services, Inc.**

**Statements of Cash Flows  
Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in unrestricted net assets	\$ 174,673	\$ 50,927
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities		
Depreciation	1,908	2,646
Net realized (gain) loss on investments	(173)	2,806
Donated securities	(37,475)	(36,675)
Proceeds from sale of donated securities	37,648	33,869
Bad debt expense (recovery)	(4,975)	6,625
Changes in operating assets and liabilities		
Contributions receivable	11,792	10,690
Prepaid expenses and other current assets	(25,350)	(446)
Accounts payable and accrued expenses	<u>11,979</u>	<u>11,787</u>
Net cash provided by operating activities	<u>170,027</u>	<u>82,229</u>
Net increase in cash and cash equivalents	170,027	82,229
Cash and cash equivalents, beginning	<u>1,829,351</u>	<u>1,747,122</u>
Cash and cash equivalents, end	<u>\$ 1,999,378</u>	<u>\$ 1,829,351</u>

See Notes to Financial Statements.

## **Patient AirLift Services, Inc.**

### **Notes to Financial Statements December 31, 2016 and 2015**

#### **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 for 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. The Organization had cash in excess of federally insured limits totaling \$5,800 as of December 31, 2016.

##### **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 years ended December 31, 2016 and 2015, there were two donors whose contributions comprised 11% and 18%, respectively, of total public support revenue.

##### **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 and state 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, 2016 and 2015. The Organization's federal and state income tax returns prior to fiscal 2013 and 2012, respectively, are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

## **Patient AirLift Services, Inc.**

### **Notes to Financial Statements December 31, 2016 and 2015**

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 years ended December 31, 2016 or 2015.

#### **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, 2016 and 2015, the Organization had no temporarily or permanently restricted net assets.

#### **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.

#### **Donated investments**

The Organization received donations of stocks valued at \$37,475 and \$36,675 for the years ended December 31, 2016 and 2015, respectively. The Organization's policy is to liquidate donated securities immediately upon their receipt. The Organization realized a net gain on these sales of \$173 for the year ended December 31, 2016 and a net loss on these sales of \$2,806 for the year ended December 31, 2015.

#### **401(k) plan**

The Organization established a 401(k) plan for the employees of the Organization beginning in 2016. A matching feature for the plan by the Organization will be instituted beginning in fiscal 2017. The Organization did not make any contributions to the plan for the years ended December 31, 2016 and 2015.

#### **Subsequent events**

The Organization has evaluated subsequent events through April 4, 2017, which is the date the financial statements were available to be issued.

**Patient AirLift Services, Inc.**

**Notes to Financial Statements  
December 31, 2016 and 2015**

**Note 3 - Furniture and equipment**

Furniture and equipment are comprised of the following:

	<u>2016</u>	<u>2015</u>
Office equipment	\$ 19,110	\$ 19,110
Furniture	<u>7,010</u>	<u>7,010</u>
Total	26,120	26,120
Less accumulated depreciation	<u>25,508</u>	<u>23,600</u>
Total	<u>\$ 612</u>	<u>\$ 2,520</u>

**Note 4 - Related party transactions**

The Organization received contributions from certain members of the board of directors that totaled \$87,198 and \$95,994 for the years ended December 31, 2016 and 2015, respectively. The Organization did not have any related party receivables as of December 31, 2016. The Organization had a related party receivable of \$5,000 as of December 31, 2015, which is included in contributions receivable. Donated services received from related parties totaled \$750,552 and \$978,044 for the years ended December 31, 2016 and 2015, respectively. There were no donated airline tickets from related parties for the year ended December 31, 2016. Donated airline tickets received from related parties totaled \$557 for the year ended December 31, 2015.

**Note 5 - Lease commitments**

The Organization had operating lease commitments that expired on April 30, 2015 and August 31, 2015. The Organization had remained on a month-to-month lease extensions since these expiration dates through December 31, 2016. Rent expense amounted to \$27,390 in both 2016 and 2015. The Organization entered into an operating lease commitment on October 31, 2016 for a five year period that commenced on March 1, 2017.

Future minimum lease payments under non-cancelable leases, by year and in the aggregate, as of December 31, 2016 are as follows:

2017	\$ 50,000
2018	61,000
2019	62,220
2020	63,464
2021	64,734
Thereafter	<u>10,824</u>
Total	<u>\$ 312,242</u>

**Patient AirLift Services, Inc.**

**Notes to Financial Statements  
December 31, 2016 and 2015**

**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. In-kind contributions are included in contributions and are offset by like amounts included in program expenses on the statement of activities.

The Organization received the following donated services and items during the years ended December 31, 2016 and 2015 with fair values as follows:

	<u>2016</u>	<u>2015</u>
Pilot services	\$ 2,554,540	\$ 2,113,963
Donated securities	37,475	36,675
Donated supplies	17,588	-
Airline tickets	<u>108,726</u>	<u>99,892</u>
Total	<u>\$ 2,718,329</u>	<u>\$ 2,250,530</u>

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