

ANGEL FLIGHT OF NEW ENGLAND, INC.
FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017

ANGEL FLIGHT OF NEW ENGLAND, INC.

DECEMBER 31, 2018 AND 2017

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To the Board of Directors
Angel Flight of New England, Inc.
North Andover, MA 01845

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of Angel Flight of New England, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Angel Flight of New England, Inc. as of December 31, 2018 and 2017, 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.



Waltham, Massachusetts
June 7, 2019

ANGEL FLIGHT OF NEW ENGLAND, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current assets:		
Cash	<u>\$744,988</u>	<u>\$888,715</u>
Property and equipment:		
Airplane	234,297	234,297
Computer equipment	105,072	115,047
Furniture and fixtures	-	<u>1,043</u>
Total	<u>339,369</u>	<u>350,387</u>
Accumulated depreciation	<u>(313,027)</u>	<u>(308,970)</u>
Net property and equipment	<u>26,342</u>	<u>41,417</u>
TOTAL ASSETS	<u>\$771,330</u>	<u>\$930,132</u>

LIABILITIES AND NET ASSETS

Current Liability:		
Accounts payable	\$ 50,144	\$ 18,421
Net assets:		
Without donor restrictions	633,563	808,303
With donor restrictions	<u>87,623</u>	<u>103,408</u>
Total net assets	<u>721,186</u>	<u>911,711</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$771,330</u>	<u>\$930,132</u>

See accompanying notes and independent auditor's report.

ANGEL FLIGHT OF NEW ENGLAND, INC.

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	With Donor Restrictions	Without Donor Restrictions	Totals	
			2018	2017
Public support and revenue:				
Donated services	\$ -	\$2,069,392	\$2,069,392	\$2,261,684
Contributions	-	294,012	294,012	383,982
Special events, net of costs	-	291,552	291,552	306,981
Grants	15,740	62,500	78,240	251,045
Investment income	-	2,378	2,378	1,089
<i>Net assets released from restrictions; satisfaction of program restrictions</i>	<u>(31,525)</u>	<u>31,525</u>	<u>-</u>	<u>-</u>
Total	<u>(15,785)</u>	<u>2,751,359</u>	<u>2,735,574</u>	<u>3,204,781</u>
Expenses:				
Air transport services	-	1,992,565	1,992,565	2,181,101
Flight coordination	-	268,064	268,064	260,028
Pilot resource management	-	110,220	110,220	109,004
Community Outreach	-	362,725	362,725	354,012
General and administrative	-	107,071	107,071	91,158
Fundraising costs	-	85,454	85,454	97,467
Total	<u>-</u>	<u>2,926,099</u>	<u>2,926,099</u>	<u>3,092,770</u>
Excess revenues (expenses)	(15,785)	(174,740)	(190,525)	112,011
Net assets, beginning of year	<u>103,408</u>	<u>808,303</u>	<u>911,711</u>	<u>799,700</u>
Net assets, end of year	<u>\$ 87,623</u>	<u>\$ 633,563</u>	<u>\$ 721,186</u>	<u>\$ 911,711</u>

See accompanying notes and independent auditor's report.

ANGEL FLIGHT OF NEW ENGLAND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

	Air Transport Services	Flight Coordination	Pilot Resource Management	Community Outreach	General and Administrative	Fundraising Costs	Total
Air transport services	\$1,992,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,992,565
Salaries	-	154,280	94,103	124,197	-	72,500	445,080
Payroll taxes and fees	-	16,948	7,392	9,889	-	6,069	40,298
Advertising	-	-	-	-	-	1,295	1,295
Airplane expenses:							
Repairs	-	-	-	13,042	-	-	13,042
Fuel	-	-	-	1,167	-	-	1,167
Computer services and expenses	-	3,425	-	30,395	-	-	33,820
Consultant	-	-	-	50,375	-	-	50,375
Depreciation	-	215	-	14,860	-	-	15,075
401-K matching contribution	-	1,877	1,159	1,546	-	938	5,520
Fuel reimbursement	-	29,525	-	-	-	-	29,525
Insurance	-	16,257	-	22,875	16,386	-	55,518
Meals	-	-	612	5,342	282	494	6,730
Postage and delivery	-	-	-	4,229	1,792	1,468	7,489
Professional fees	-	-	-	-	57,740	-	57,740
Public education and outreach	-	-	-	41,571	-	-	41,571
Rent	-	9,877	-	2,625	2,873	-	15,375
Repairs	-	-	-	-	6,415	-	6,415
Supplies and printing	-	3,424	6,954	27,668	2,858	2,232	43,136
Telephone	-	5,872	-	273	10,222	-	16,367
Travel	-	26,364	-	12,671	6,000	458	45,493
Utilities	-	-	-	-	2,503	-	2,503
TOTALS	\$1,992,565	\$268,064	\$110,220	\$362,725	\$107,071	\$ 85,454	\$2,926,099

See accompanying notes and independent auditor's report.

ANGEL FLIGHT OF NEW ENGLAND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

	Air Transport Services	Flight Coordination	Pilot Resource Management	Community Outreach	General and Administrative	Fundraising Costs	Total
Air transport services	\$2,181,101	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,181,101
Salaries	-	136,543	94,291	94,294	-	72,500	397,628
Payroll taxes and fees	-	15,351	7,503	7,545	-	6,116	36,515
Advertising	-	-	-	-	-	5,333	5,333
Airplane expenses:							
Repairs	-	-	-	10,743	-	-	10,743
Fuel	-	-	-	2,249	-	-	2,249
Computer services and expenses	-	2,750	206	47,992	-	-	50,948
Consultant	-	-	-	81,010	-	-	81,010
Depreciation	-	9,382	-	15,790	-	-	25,172
Fuel reimbursement	-	43,637	-	-	-	-	43,637
Insurance	-	16,152	-	6,329	3,911	-	26,392
Meals	-	-	2,203	5,871	-	776	8,850
Postage and delivery	-	637	-	6,047	2,895	3,261	12,840
Professional fees	-	-	-	-	65,678	-	65,678
Public education and outreach	-	-	2,306	47,481	-	-	49,787
Rent	-	9,818	-	2,527	3,118	-	15,463
Repairs	-	-	-	-	2,560	-	2,560
Supplies and printing	-	1,893	484	10,581	2,625	6,765	22,348
Telephone	-	4,190	-	647	1,642	-	6,479
Travel	-	19,675	2,011	14,906	6,000	2,716	45,308
Utilities	-	-	-	-	2,729	-	2,729
TOTALS	\$2,181,101	\$260,028	\$109,004	\$354,012	\$ 91,158	\$ 97,467	\$3,092,970

See accompanying notes and independent auditor's report.

ANGEL FLIGHT OF NEW ENGLAND, INC.

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Operating activities:		
Excess revenues (expenses)	\$(190,525)	\$112,011
Add: Non-cash items		
Depreciation	<u>15,075</u>	<u>25,172</u>
Cash provided by (applied to) operations	(175,450)	137,183
Increase (decrease) in other assets and liabilities:		
Receivables	-	10,000
Common stock	-	15,847
Accounts payable	<u>31,723</u>	<u>1,886</u>
Net cash provided by (applied to) operating activities	(143,727)	164,916
Net increase (decrease) in cash	(143,727)	164,916
Cash - beginning of year	<u>888,715</u>	<u>723,799</u>
CASH - END OF YEAR	<u>\$ 744,988</u>	<u>\$888,715</u>

See accompanying notes and independent auditor's report.

ANGEL FLIGHT OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE A - ORGANIZATION AND PURPOSE:

Angel Flight of New England, Inc. (the Organization) was established as a non-profit organization in March, 1996. The organization coordinates the provision of non-emergency air transportation to individuals needing medical care. An extensive network of approximately 400 volunteer pilots, and a support staff of (8), provide this service with their own aircraft to and from destinations primarily throughout the New England area. The Organization occupies an office as a tenant at will at the Lawrence Municipal Airport in North Andover, MA.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting – The financial statements have been prepared on the accrual basis of accounting.

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. Actual results could differ from those estimates.

Net Assets – The Organization reports its net assets in the statements of financial position and activities in two classes as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. The Board of Directors has discretionary control over these net assets to support the operations of the Organization.

With Donor Restrictions– Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization or the passage of time.

Property and Equipment - Property and equipment are stated at cost or fair market value if received as a donation. Expenditures for maintenance and repairs are charged against operations. The Organization has received significant amounts of computer equipment donated by manufacturers for use in coordinating the provision of air transportation. These items have been recognized as revenue in the period received at conservative valuations based upon market value.

Depreciation is computed using the 200% declining balance method over the estimated useful lives of 5-10 years.

Income Taxes - The Organization has been determined to be an organization exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code.

Cash and Cash Equivalents – Cash is the sum of all checking, savings and money market accounts maintained by the Organization.

See Accountants' Report

ANGEL FLIGHT OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Grant Revenue – The Organization recognizes grant revenue and expenses as these amounts are received and incurred.

Contributions – The Organization receives cash contributions from various sources. Donations are recognized as support when received. Unless specifically restricted by the donor, all contributions are considered to be available for unrestricted use.

Vacation Pay – The Organization does not accrue vacation pay as earned. The amount is not considered material.

Functional Allocation of Expenses – The costs of providing the program and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE C - DONATED SERVICE:

The Organization recognizes the value of donated services in the accompanying statement of activities. The Board of Directors and management have calculated the following market values of services provided to the organization for the years ended December 31, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Air transport services	\$1,992,565	\$2,181,101
Legal and organization costs	30,340	39,500
Special event costs	5,079	-
Public education and patient outreach	<u>41,408</u>	<u>41,083</u>
Total	<u>\$2,069,392</u>	<u>\$2,261,684</u>

NOTE D - CASH EXCEEDING FDIC LIMIT:

The Organization maintains cash balances that exceed FDIC insurance limits. Management feels that the risk of loss is minimal since the financial institutions where the funds are deposited have a long history of sound financial performance. The total cash at Reading Co-op is \$313,157 as of December 31, 2018. There is also \$236,283 in a Fidelity Government Money Market as of December 31, 2018.

NOTE E - RELATED PARTY TRANSACTIONS:

The Organization paid the Executive Director \$12,000 in 2018 and 2017, respectively for the rental of an airport hangar and travel costs.

See Accountants' Report

ANGEL FLIGHT OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE F - SUBSEQUENT EVENTS:

Transactions subsequent to the year ended December 31, 2018 have been evaluated through June 7, 2019 the date the financial statements were available to be issued. No events were noted that could have a material impact on the financial statements.

NOTE G - OPEN TAX YEARS:

Forms 990 filed for the years ended December 31, 2015 – 2017 remain open to audit by the Internal Revenue Service. No audit proceedings have been initiated.

NOTE H – FAIR VALUE MEASUREMENTS:

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation of other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

See Accountants' Report

ANGEL FLIGHT OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE H – FAIR VALUE MEASUREMENTS: (Continued)

Common Stocks, Corporate Bonds and U.S. Government Securities

Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds

Valued at the net asset value (NAV) of shares held by the plan at year end.

NOTE I – DONOR RESTRICTED ASSETS:

During 2018, the Organization received a total of \$15,740 from donors to provide fuel reimbursement to the volunteer pilots. Reimbursements to the pilots were \$31,525 in 2018, resulting in a balance of \$87,6723 for succeeding year fuel costs.

NOTE J – 401-K PLAN:

In 2018, the Organization adopted a 401-K Plan covering all full time employees. Employer matching contributions paid in 2018 were \$5,520. The matching contribution is 100% of the first 3% the employee contributes and 50% of the next 2% the employee contributes for a total match of 4%.

NOTE K – CHANGE IN ACCOUNTING PRINCIPLE:

In 2018, the Organization adopted provisions of ASU 2016-14. The three classes of net assets permanently restricted; temporarily restricted; and unrestricted were replaced with two classes of net asset; net assets with donor restrictions and net assets without donor restrictions. The adoption of these provisions did not result in changes to any previously reported financial statement amounts.

NOTE L – GOING CONCERN:

As indicated in the statement of activities, the Organization sustained a loss of \$190,525. Given the cash balances as of January 1, 2019 of \$744,988, the revenue generated through May 20, 2019 of \$216,782, and the anticipated additional fund raising, the Organization has ample resources to fund 2019 budgeted operating expenses of \$1,028,656. The Organization is also considering selling the owned airplane which was not used during 2018. Potential additional funds from the sale are approximately \$170,000.

See Accountants' Report