

ANGEL FLIGHT OF NEW ENGLAND, INC.
FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

ANGEL FLIGHT OF NEW ENGLAND, INC.

DECEMBER 31, 2019 AND 2018

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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, 2019 and 2018, 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

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, 2019 and 2018, 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.

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on these financial statements as a whole. The schedule of functional expenses on pages 4 and 5 are presented for purposes of additional analysis and are 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 audit 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 auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Daniel F Friel CPA PC

Waltham, Massachusetts
July 24, 2020

ANGEL FLIGHT OF NEW ENGLAND, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Current assets:		
Cash	<u>\$844,858</u>	<u>\$744,988</u>
Property and equipment:		
Airplane	-	234,297
Computer equipment	<u>105,072</u>	<u>105,072</u>
Total	105,072	339,369
Accumulated depreciation	<u>(104,878)</u>	<u>(313,027)</u>
Net property and equipment	<u>194</u>	<u>26,342</u>
TOTAL ASSETS	<u>\$845,052</u>	<u>\$771,330</u>

LIABILITIES AND NET ASSETS

Current Liability:		
Accounts payable	\$ 18,176	\$ 50,144
Net assets:		
Without donor restrictions	708,225	633,563
With donor restrictions	<u>118,651</u>	<u>87,623</u>
Total net assets	<u>826,876</u>	<u>721,186</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$845,052</u>	<u>\$771,330</u>

See accompanying notes and independent auditor's report.

ANGEL FLIGHT OF NEW ENGLAND, INC.

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	With Donor Restrictions	Without Donor Restrictions	Totals	
			2019	2018
Public support and revenue:				
Donated services	\$ -	\$2,285,530	\$2,285,530	\$2,069,392
Contributions	-	335,487	335,487	294,012
Special events, net of costs	-	276,590	276,590	291,552
Grants	72,950	100,830	173,780	78,240
Investment income	-	3,496	3,496	2,378
Gain on sale of airplane	-	173,980	173,980	-
<i>Net assets released from restrictions; satisfaction of program restrictions</i>	<u>(41,922)</u>	<u>41,922</u>	<u>-</u>	<u>-</u>
Total	<u>31,028</u>	<u>3,217,835</u>	<u>3,248,863</u>	<u>2,735,574</u>
Expenses:				
Air transport services	-	2,199,215	2,199,215	1,992,565
Flight coordination	-	277,432	277,432	268,064
Pilot resource management	-	99,377	99,377	110,220
Community Outreach	-	369,703	369,703	362,725
General and administrative	-	108,600	108,600	107,071
Fundraising costs	<u>-</u>	<u>88,846</u>	<u>88,846</u>	<u>85,454</u>
Total	<u>-</u>	<u>3,143,173</u>	<u>3,143,173</u>	<u>2,926,099</u>
Excess revenues (expenses)	31,028	74,662	105,690	(190,525)
Net assets, beginning of year	<u>87,623</u>	<u>633,563</u>	<u>721,186</u>	<u>911,711</u>
Net assets, end of year	<u>\$118,651</u>	<u>\$ 708,225</u>	<u>\$ 826,876</u>	<u>\$ 721,186</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, 2019

	Air Transport Services	Flight Coordination	Pilot Resource Management	Community Outreach	General and Administrative	Fundraising Costs	Total
Air transport services	\$2,199,215	-	-	-	-	-	\$2,199,215
Salaries	-	155,220	88,588	126,754	-	70,077	440,639
Payroll taxes and fees	-	20,099	6,825	9,941	-	5,808	42,673
Advertising	-	-	-	-	-	235	235
Airplane expenses:							
Repairs	-	-	-	40,556	-	-	40,556
Computer services and expenses	-	3,245	904	29,736	-	-	33,885
Consultant	-	-	-	55,901	-	-	55,901
Depreciation	-	129	-	-	-	-	129
401-K matching contribution	-	4,731	2,542	3,630	-	2,201	13,104
Fuel reimbursement	-	22,725	-	-	-	-	22,725
Insurance	-	12,095	-	11,042	1,495	-	24,632
Meals	-	-	280	4,370	-	-	4,650
Postage and delivery	-	-	-	5,364	2,292	1,275	8,931
Professional fees	-	-	-	-	66,712	-	66,712
Public education and outreach	-	-	-	42,013	-	-	42,013
Rent	-	7,975	-	2,625	3,378	-	13,978
Repairs	-	-	-	-	3,280	-	3,280
Supplies and printing	-	5,542	238	15,697	12,206	8,011	41,694
Telephone	-	6,108	-	-	8,452	-	14,560
Travel	-	39,563	-	22,074	7,571	1,239	70,447
Utilities	-	-	-	-	3,214	-	3,214
TOTALS	<u>\$2,199,215</u>	<u>\$277,432</u>	<u>\$ 99,377</u>	<u>\$369,703</u>	<u>\$108,600</u>	<u>\$ 88,846</u>	<u>\$3,143,173</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	-	-	-	30,395	-	-	33,820
Consultant	-	3,425	-	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 CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Operating activities:		
Excess revenues (expenses)	\$ 105,690	\$(190,525)
Add: Non-cash items		
Depreciation	129	15,075
Gain on sale of airplane	<u>(173,980)</u>	<u>-</u>
Cash provided by (applied to) operations	(68,161)	(175,450)
Increase (decrease) in other assets and liabilities:		
Accounts payable	<u>(31,969)</u>	<u>31,723</u>
Net cash provided by (applied to) operating activities	(100,130)	(143,727)
Investing activities:		
Proceeds from sale of airplane	<u>200,000</u>	<u>-</u>
Net increase (decrease) in cash	99,870	(143,727)
Cash - beginning of year	<u>744,988</u>	<u>888,715</u>
CASH - END OF YEAR	<u>\$ 844,858</u>	<u>\$ 744,988</u>

See accompanying notes and independent auditor's report.

ANGEL FLIGHT OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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 lower of 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. This is a departure from generally accepted accounting principles which require the straight line method. The net book value of property and equipment are immaterial; no adjustment is warranted.

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, 2019

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, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Air transport services	\$2,199,215	\$1,992,565
Legal and organization costs	39,847	30,340
Special event costs	4,768	5,079
Public education and patient outreach	<u>41,700</u>	<u>41,408</u>
Total	<u>\$2,285,530</u>	<u>\$2,069,392</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 \$389,572 as of December 31, 2019; \$139,572 exceeding the FDIC limit. Accounts at Fidelity Digital Credit Union and Citizens Bank are below the FDIC threshold.

NOTE E - RELATED PARTY TRANSACTIONS:

The Organization paid the Executive Director \$6,000 in 2019 and 2018, 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, 2019

NOTE F - SUBSEQUENT EVENTS:

Transactions subsequent to the year ended December 31, 2019 have been evaluated through July 24, 2020 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, 2016 – 2018 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, 2019 and 2018.

See Accountants' Report

ANGEL FLIGHT OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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:

1) Fuel Reimbursement

Over the last several years the Organization has received funds from donors to provide fuel reimbursement to the volunteer pilots. Reimbursements to the pilots were \$22,275 and \$29,525 in 2019 and 2018, respectively. There is a balance of \$91,095 available for pilot fuel reimbursement as of December 31, 2019.

2) Direct Transportation Costs

On September 9, 2019, the Organization received a \$50,000 grant from the Sarah Foundation to fund direct costs of transporting patients including flight costs, vouchers, and train and car transportation costs. There is \$27,556 of this grant not yet spent as of December 31, 2019.

NOTE J – 401-K PLAN:

In 2018, the Organization adopted a 401-K Plan covering all full time employees. Employer matching contributions paid in 2019 and 2018 were \$13,104 and \$5,520, respectively. The matching contribution is 100% of the first 3% the employee contributes and 50% of the next 2%. The employer matching contribution is a total 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.

See Accountants' Report