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ANGEL FLIGHT OF NEW ENGLAND, INC.  
FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2010 AND 2009

ANGEL FLIGHT OF NEW ENGLAND, INC.

DECEMBER 31, 2010 AND 2009

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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 statements of financial position of Angel Flight of New England, Inc. as of December 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits 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 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. I believe that my audit provides a reasonable basis for my 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, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Daniel F. Friel, CPA, P.C.*

September 2, 2011

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ANGEL FLIGHT OF NEW ENGLAND, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2010 AND 2009

ASSETS

	<u>2010</u>	<u>2009</u>
Current assets:		
Cash	\$ 808,488	\$1,155,947
Contributions receivable	21,100	0
Cash, restricted	3,300	3,300
Marketable securities, at FMV	<u>95,903</u>	<u>73,134</u>
Total current assets	<u>928,791</u>	<u>1,232,381</u>
Property and equipment:		
Airplane	188,900	188,900
Computers and office equipment	22,788	47,743
Furniture and fixtures	<u>1,043</u>	<u>3,242</u>
Total	212,731	239,885
Accumulated depreciation	<u>(73,179)</u>	<u>(61,347)</u>
Net property and equipment	<u>139,552</u>	<u>178,538</u>
TOTAL ASSETS	<u>\$1,068,343</u>	<u>\$1,410,919</u>

LIABILITIES AND FUND BALANCES

Current Liability:		
Accounts payable	<u>\$ 41,309</u>	<u>\$ 10,244</u>
Fund balances:		
Unrestricted	1,023,734	1,397,375
Permanently restricted	<u>3,300</u>	<u>3,300</u>
Total fund balances	<u>1,027,034</u>	<u>1,400,675</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$1,068,343</u>	<u>\$1,410,919</u>

See accompanying notes and independent auditor's report.

ANGEL FLIGHT OF NEW ENGLAND, INC.

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Totals			
	<u>Restricted</u>	<u>Unrestricted</u>	<u>2010</u>	<u>2009</u>
Public support and revenue:				
Contributions	\$ 0	\$ 265,209	\$ 265,209	\$349,947
Aircraft donation	0	0	0	188,900
Special events, net of costs	0	102,625	102,625	547,839
Grants	0	85,843	85,843	95,626
Sponsorship fee	0	50,000	50,000	50,000
Membership dues	0	350	350	1,550
Investment income	0	39,884	39,884	38,571
Gain on sale of airplane	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,600</u>
Total	<u>0</u>	<u>543,911</u>	<u>543,911</u>	<u>1,275,033</u>
Expenses:				
Flight coordination	0	260,791	260,791	292,724
Pilot resource management	0	174,826	174,826	131,018
Community Outreach	0	367,901	367,901	487,864
General and administrative	0	77,750	77,750	60,251
Fundraising costs	<u>0</u>	<u>36,284</u>	<u>36,284</u>	<u>50,390</u>
Total	<u>0</u>	<u>917,552</u>	<u>917,552</u>	<u>1,022,247</u>
Excess revenues (expenses)	0	(373,641)	(373,641)	252,786
Fund balances, beginning of year	<u>3,300</u>	<u>1,397,375</u>	<u>1,400,675</u>	<u>1,147,889</u>
Fund balances, end of year	<u>\$ 3,300</u>	<u>\$1,023,734</u>	<u>\$1,027,034</u>	<u>\$1,400,675</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, 2010

	<u>Flight Coordination</u>	<u>Pilot Resource Management</u>	<u>Community Outreach</u>	<u>General and Administrative</u>	<u>Fundraising Costs</u>	<u>Total</u>
Salaries	\$129,698	\$126,117	\$140,225	\$ 7,077	\$ 7,730	\$410,847
Payroll taxes and fees	12,253	11,410	12,097	974	1,146	37,880
Airplane expenses:						
Hangar rental	0	0	6,000	0	0	6,000
Maintenance & repairs	0	0	25,872	0	0	25,872
Miscellaneous	0	0	1,691	0	0	1,691
Fuel	0	0	4,225	0	0	4,225
Computer consultants	23,790	0	0	0	0	23,790
Consultant	0	0	73,997	0	8,222	82,219
Depreciation	4,984	0	34,002	0	0	38,986
Fly in Picnic Costs	0	9,977	0	0	0	9,977
Insurance	38,582	23,506	23,506	0	0	85,594
Maintenance and repairs	753	0	0	1,103	0	1,856
Meals, other	499	0	1,113	0	0	1,612
Meals & lodging, Pilot Recruitment	0	898	0	0	0	898
Merchandise	0	0	6,443	0	0	6,443
Postage and delivery	1,043	564	6,204	1,157	2,818	11,786
Professional fees	0	0	0	49,331	0	49,331
Promotion and advertising	0	0	2,976	0	4,110	7,086
Rent	0	0	0	9,256	0	9,256
Supplies and printing	8,560	1,937	23,114	7,745	8,774	50,130
Support, Air Charity Network	15,440	0	0	0	0	15,440
Telephone	22,461	0	0	348	0	22,809
Travel and conferences	1,025	0	5,964	550	3,484	11,023
Utilities	1,703	417	472	209	0	2,801
<b>TOTALS</b>	<u>\$260,791</u>	<u>\$174,826</u>	<u>\$367,901</u>	<u>\$ 77,750</u>	<u>\$ 36,284</u>	<u>\$917,552</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, 2009

	<u>Flight Coordination</u>	<u>Pilot Resource Management</u>	<u>Community Outreach</u>	<u>General and Administrative</u>	<u>Fundraising Costs</u>	<u>Total</u>
Salaries and consulting fees	\$ 144,820	\$ 105,503	\$ 325,217	\$ 14,005	\$ 35,585	\$ 625,130
Payroll taxes and fees	13,839	9,245	22,275	1,752	3,247	50,358
Airplane expenses:						
Hangar rental	0	0	6,000	0	0	6,000
Maintenance & repairs	0	0	33,898	0	0	33,898
Miscellaneous	0	0	2,024	0	0	2,024
Fuel	0	0	2,166	0	0	2,166
Bank charges	0	0	0	3,630	0	3,630
Computer consultants	36,649	0	0	0	0	36,649
Depreciation	5,609	0	18,890	0	0	24,499
Insurance	29,584	9,351	29,611	0	0	68,546
Interest expense	0	0	7,472	0	0	7,472
Maintenance and repairs	19,645	0	0	1,984	0	21,629
Meals, other	1,111	0	1,749	0	0	2,860
Meals & lodging, Pilot Recruitment	0	1,988	0	0	0	1,988
Merchandise	0	0	10,883	0	0	10,883
Postage and delivery	68	120	6,803	674	2,192	9,857
Professional fees	0	0	0	12,981	1,410	14,391
Promotion and advertising	0	0	988	0	0	988
Rent	0	0	0	12,603	0	12,603
Supplies and printing	3,865	2,595	17,434	11,946	7,533	43,373
Support, Air Charity Network	5,199	0	0	0	0	5,199
Telephone	27,618	0	0	0	0	27,618
Travel and conferences	4,016	893	1,131	54	423	6,517
Utilities	701	1,323	1,323	622	0	3,969
<b>TOTALS</b>	<u>\$ 292,724</u>	<u>\$ 131,018</u>	<u>\$ 487,864</u>	<u>\$ 60,251</u>	<u>\$ 50,390</u>	<u>\$1,022,247</u>

See accompanying notes and independent auditor's report.

ANGEL FLIGHT OF NEW ENGLAND, INC.

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Operating activities:		
Excess revenues (expenses)	\$ (373,641)	\$ 252,786
Add: Non-cash expense, depreciation	38,986	36,649
Less: Gain on sale of airplane	0	(2,600)
Non-cash donation, airplane	<u>0</u>	<u>(188,900)</u>
Cash provided by (applied to) operations	(334,655)	97,935
Increase (decrease) in current liabilities:		
Contribution receivable	(21,100)	0
Marketable securities	(22,769)	(40,969)
Accounts payable	<u>31,065</u>	<u>6,564</u>
Net cash provided by operating activities	<u>(347,459)</u>	<u>63,530</u>
Investment activities:		
Proceeds from sale of airplane	0	112,850
Purchase of equipment	<u>0</u>	<u>(5,033)</u>
Net cash provided by (applied to) investment activities	<u>0</u>	<u>107,817</u>
Financing activities:		
Note principal payments	<u>0</u>	<u>(123,497)</u>
Net increase (decrease) in cash	(347,459)	47,850
Cash - beginning of year	<u>1,155,947</u>	<u>1,108,097</u>
CASH - END OF YEAR	<u>\$ 808,488</u>	<u>\$1,155,947</u>
Total interest paid	<u>\$ 0</u>	<u>\$ 7,472</u>

See accompanying notes and independent auditor's report.



ANGEL FLIGHT OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**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 900 volunteer pilots, and a support staff of (6), provide this service with their own aircraft to and from destinations primarily throughout the New England area.

**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 three classes as follows:

Unrestricted - 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.

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

Permanently Restricted - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Property and Equipment - Property and equipment are stated at cost. 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.

See Accountants' Report

ANGEL FLIGHT OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**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.

Donated Services and Equipment – The Organization recognizes in the accompanying financial statements the fair market value of donated materials. Donated services (detailed in Note C below) are not recognized in the accompanying financial statements.

**NOTE C - DONATED SERVICE:**

The Organization does not recognize 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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Air transport services	\$2,782,375	\$3,023,770
Legal and organization costs	\$ 183,528	\$ 162,537
Computer consulting	\$ 19,067	\$ 27,338
Public education and patient outreach	\$ 33,500	\$ 27,000
Printing costs	\$ 3,739	\$ 3,931

See Accountants' Report

ANGEL FLIGHT OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE D - PERMANENTLY RESTRICTED FUND BALANCE:**

During 2004, the Organization received a donation from Angel Flight America for \$3,029. This principal sum is required to be invested in a separate account and the earnings only are available to fund the unrestricted activities of the Organization.

**NOTE E - 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 institution where the funds are kept has a long history of sound financial performance.

**NOTE F - RELATED PARTY TRANSACTIONS:**

The Organization paid the Executive Director \$6,000 in 2010 and 2009, respectively for the rental of an airport hangar.

**NOTE G - SUBSEQUENT EVENTS:**

The Organization has evaluated subsequent events through September 2, 2011, which is the date that the financial statements were available to be issued.

See Accountants' Report