

ANGEL FLIGHT OF NEW ENGLAND, INC.
FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2011 AND 2010

ANGEL FLIGHT OF NEW ENGLAND, INC.

DECEMBER 31, 2011 AND 2010

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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, 2011 and 2010, 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, 2011 and 2010, 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, PC

February 28, 2012

ANGEL FLIGHT OF NEW ENGLAND, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2011 AND 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Current assets:		
Cash	\$ 715,124	\$ 808,488
Contributions receivable	0	21,100
Cash, restricted	3,300	3,300
Marketable securities, at FMV	<u>0</u>	<u>95,903</u>
Total current assets	<u>718,424</u>	<u>928,791</u>
Property and equipment:		
Airplane	188,900	188,900
Computers and office equipment	26,080	22,788
Furniture and fixtures	<u>1,043</u>	<u>1,043</u>
Total	216,023	212,731
Accumulated depreciation	<u>(109,629)</u>	<u>(73,179)</u>
Net property and equipment	<u>106,394</u>	<u>139,552</u>
TOTAL ASSETS	<u>\$ 824,818</u>	<u>\$1,068,343</u>
Current Liability:		
Accounts payable	<u>\$ 0</u>	<u>\$ 41,309</u>
Fund balances:		
Unrestricted	821,518	1,023,734
Permanently restricted	<u>3,300</u>	<u>3,300</u>
Total fund balances	<u>824,818</u>	<u>1,027,034</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 824,818</u>	<u>\$1,068,343</u>

See accompanying notes and independent auditor's report.

ANGEL FLIGHT OF NEW ENGLAND, INC.

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Permanently Restricted</u>	<u>Unrestricted</u>	<u>Totals</u>	
			<u>2011</u>	<u>2010</u>
Public support and revenue:				
Contributions	\$ 0	\$ 244,417	\$ 244,417	\$ 265,559
Special events, net of costs	0	227,077	227,077	102,625
Grants	0	126,600	126,600	85,843
Sponsorship fee	0	50,000	50,000	50,000
Investment income	<u>0</u>	<u>8,316</u>	<u>8,316</u>	<u>39,884</u>
Total	<u>0</u>	<u>656,410</u>	<u>656,410</u>	<u>543,911</u>
Expenses:				
Flight coordination	0	226,743	226,743	260,791
Pilot resource management	0	184,558	184,558	174,826
Community Outreach	0	372,482	372,482	367,901
General and administrative	0	38,683	38,683	77,750
Fundraising costs	<u>0</u>	<u>36,160</u>	<u>36,160</u>	<u>36,284</u>
Total	<u>0</u>	<u>858,626</u>	<u>858,626</u>	<u>917,552</u>
Excess revenues (expenses)	0	(202,216)	(202,216)	(373,641)
Fund balances, beginning of year	<u>3,300</u>	<u>1,023,734</u>	<u>1,027,034</u>	<u>1,400,675</u>
Fund balances, end of year	<u>\$ 3,300</u>	<u>\$ 821,518</u>	<u>\$ 824,818</u>	<u>\$1,027,034</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, 2011

	Flight Coordination	Pilot Resource Management	Community Outreach	General and Administrative	Fundraising Costs	Total
Salaries	\$137,891	\$132,828	\$133,940	\$ 9,550	\$ 18,349	\$432,558
Payroll taxes and fees	19,501	12,603	13,302	1,089	1,855	48,350
Airplane expenses:						
Hangar rental	0	0	6,000	0	0	6,000
Maintenance & repairs	0	0	13,253	0	0	13,253
Miscellaneous	0	0	2,543	0	0	2,543
Fuel	0	0	4,466	0	0	4,466
Computer costs	0	0	27,958	0	0	27,958
Consultant	0	0	63,826	0	9,727	73,553
Depreciation	2,448	0	34,002	0	0	36,450
Insurance	34,769	25,877	25,877	2,501	0	89,024
Meals, other	0	1,239	0	862	64	2,165
Meals & lodging, Pilot Recruitment	0	3,381	0	0	0	3,381
Postage and delivery	0	250	8,655	1,035	896	10,836
Professional fees	0	0	0	10,572	0	10,572
Rent	3,927	1,223	1,223	5,224	0	11,597
Supplies and printing	8,162	6,897	27,285	3,057	3,311	48,692
Telephone	13,962	0	0	0	0	13,962
Travel and conferences	4,278	1,499	8,913	3,075	1,978	19,743
Utilities	1,805	0	0	1,738	0	3,543
TOTALS	\$226,743	\$184,558	\$372,482	\$ 38,683	\$ 36,160	\$858,626

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

	Flight Coordination	Pilot Resource Management	Community Outreach	General and Administrative	Fundraising Costs	Total
Salaries and consulting fees	\$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
Bank charges	23,790	0	0	0	0	23,790
Computer consultants	0	0	73,997	0	8,222	82,219
Depreciation	4,984	0	34,002	0	0	38,986
Insurance	0	9,977	0	0	0	9,977
Interest expense	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
TOTALS	<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 CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Operating activities:		
Excess revenues (expenses)	\$ (202,216)	\$ (373,641)
Add: Non-cash expense, depreciation	<u>36,450</u>	<u>38,986</u>
Cash provided by (applied to) operations	(165,766)	(334,655)
Increase (decrease) in other assets and liabilities:		
Contribution receivable	21,100	(21,100)
Marketable securities	95,903	(22,769)
Accounts payable	<u>(41,309)</u>	<u>31,065</u>
Net cash provided by operating activities	(90,072)	(347,459)
Investment activities:		
Purchase of equipment	<u>(3,292)</u>	<u>0</u>
Net increase (decrease) in cash	(93,364)	(347,459)
Cash - beginning of year	<u>808,488</u>	<u>1,155,947</u>
CASH - END OF YEAR	<u>\$ 715,124</u>	<u>\$ 808,488</u>

See accompanying notes and independent auditor's report.

ANGEL FLIGHT OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

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, 2011

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, 2011 and 2010.

	2011	2010
Air transport services	\$2,828,038	\$2,782,375
Legal and organization costs	\$ 31,733	\$ 183,528
Computer consulting	\$ 7,425	\$ 19,067
Public education and patient outreach	\$ 37,610	\$ 33,500
Printing costs	\$ 3,625	\$ 3,739

See Accountants' Report

ANGEL FLIGHT OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

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 2011 and 2010, respectively for the rental of an airport hangar.

NOTE G - SUBSEQUENT EVENTS:

Transactions subsequent to the year ended December 31, 2011 have been evaluated through the date the financial statements were available to be issued. No events were noted that could have a material impact on the financial statements.

See Accountants' Report