

ANGEL FLIGHT OF NEW ENGLAND, INC.  
FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2013 AND 2012

ANGEL FLIGHT OF NEW ENGLAND, INC.

DECEMBER 31, 2013 AND 2012

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CONTENTS

	<u>PAGE</u>
Independent Auditor's Report .....	1
Statements of Financial Position - December 31, 2013 and 2012.....	2
Statement of Activities for the Years Ended December 31, 2013 and 2012 .....	3
Statement of Functional Expenses for the Year Ended December 31, 2013 .....	4
Statement of Functional Expenses for the Year Ended December 31, 2012 .....	5
Statement of Cash Flows for the Years Ended December 31, 2013 and 2012 .....	6
Notes to Financial Statements - December 31, 2013 and 2012.....	7-9

# DANIEL F. FRIEL, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

404 WYMAN STREET – SUITE 380

WALTHAM, MA 02451-1218

(781) 890-3150 • FAX (781) 890-0268

*email: dan@frielpapc.com*

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, 2013 and 2012, 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, 2013 and 2012, 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.

*Daniel F. Friel, CPA, PC*

Waltham, Massachusetts  
February 12, 2014

ANGEL FLIGHT OF NEW ENGLAND, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Current assets:		
Cash	\$651,736	\$729,449
Bequest receivable	<u>50,000</u>	<u>00</u>
Total current assets	<u>701,736</u>	<u>729,449</u>
Property and equipment:		
Airplane	234,297	188,900
Computers and office equipment	117,562	117,562
Furniture and fixtures	<u>1,043</u>	<u>1,043</u>
Total	352,902	307,505
Accumulated depreciation	<u>(185,328)</u>	<u>(132,417)</u>
Net property and equipment	<u>167,574</u>	<u>175,088</u>
TOTAL ASSETS	<u>\$869,310</u>	<u>\$904,537</u>
Current Liability:		
Accounts payable	\$ 6,361	\$ 50,599
Fund balance:		
Unrestricted	<u>862,949</u>	<u>853,938</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$869,310</u>	<u>\$904,537</u>

See accompanying notes and independent auditor's report.

ANGEL FLIGHT OF NEW ENGLAND, INC.

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>Unrestricted</u>	<u>Totals</u>	
		<u>2013</u>	<u>2012</u>
Public support and revenue:			
Donated services	\$3,111,722	\$3,111,722	\$2,687,029
Contributions	316,945	316,945	362,987
Special events, net of costs	252,003	252,003	268,821
Grants	191,400	191,400	167,350
Sponsorship fee	5,000	5,000	15,000
Interest income	<u>775</u>	<u>775</u>	<u>1,522</u>
Total	<u>3,877,845</u>	<u>3,877,845</u>	<u>3,502,709</u>
Expenses:			
Air transport services	3,019,038	3,019,038	2,551,618
Flight coordination	317,069	317,069	289,866
Pilot resource management	163,492	163,492	185,581
Community Outreach	263,691	263,691	314,531
General and administrative	50,648	50,648	75,947
Fundraising costs	<u>54,896</u>	<u>54,896</u>	<u>56,046</u>
Total	<u>3,868,834</u>	<u>3,868,834</u>	<u>3,473,589</u>
Excess revenues	9,011	9,011	29,120
Fund balances, beginning of year	<u>853,938</u>	<u>853,938</u>	<u>824,818</u>
Fund balances, end of year	<u>\$ 862,949</u>	<u>\$ 862,949</u>	<u>\$ 853,938</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, 2013

	Air Transport Services	Flight Coordination	Pilot Resource Management	Community Outreach	General and Administrative	Fundraising Costs	Total
Donated Services	\$ 3,019,038	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$3,019,038
Salaries	0	171,393	115,987	79,555	0	35,620	402,555
Payroll taxes and fees	0	18,480	12,018	9,016	0	4,793	44,307
Airplane expenses:							
Miscellaneous	0	0	0	2,518	0	0	2,518
Fuel	0	0	0	5,496	0	0	5,496
Computer services and expenses	0	37,388	300	25,670	0	0	63,358
Consultant	0	0	0	62,980	0	0	62,980
Depreciation	0	35,502	0	17,409	0	0	52,911
Fuel reimbursement	0	4,748	0	0	0	0	4,748
Insurance	0	22,358	7,150	10,655	2,657	0	42,820
Meals, other	0	461	3,028	179	0	1,709	5,377
Postage and delivery	0	0	0	4,283	2,231	4,399	10,913
Professional fees	0	0	0	0	31,093	0	31,093
Public education and outreach	0	0	23,000	23,000	0	0	46,000
Rent	0	9,738	0	0	3,378	0	13,116
Supplies and printing	0	1,323	1,188	20,528	1,500	5,653	30,192
Telephone	0	12,003	0	1,022	804	0	13,829
Travel and conferences	0	3,675	821	1,380	6,488	2,722	15,086
Utilities	0	0	0	0	2,497	0	2,497
<b>TOTALS</b>	<u>\$3,019,038</u>	<u>\$317,069</u>	<u>\$163,492</u>	<u>\$263,691</u>	<u>\$ 50,648</u>	<u>\$ 54,896</u>	<u>\$2,868,834</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, 2012

	Air Transport Services	Flight Coordination	Pilot Resource Management	Community Outreach	General and Administrative	Fundraising Costs	Total
Donated Services	\$2,551,618	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$2,551,618
Salaries	0	163,508	119,501	93,884	4,141	36,091	417,125
Payroll taxes and fees	0	18,438	11,365	14,069	777	2,634	47,283
Airplane expenses:							
Maintenance & repairs	0	0	0	4,871	0	0	4,871
Miscellaneous	0	0	0	1,871	0	0	1,871
Fuel	0	0	0	3,085	0	0	3,085
Computer services and expenses	0	34,790	1,101	24,339	0	0	60,230
Consultant	0	0	0	64,800	0	0	64,800
Depreciation	0	22,710	0	14,961	0	0	37,671
Insurance	0	20,678	12,628	12,629	2,102	0	48,037
Meals, other	0	0	0	1,517	0	0	1,517
Postage and delivery	0	0	304	8,470	2,093	1,947	12,814
Professional fees	0	0	0	3,121	51,785	2,464	57,370
Public education and outreach	0	0	30,535	30,536	0	0	61,071
Rent	0	2,246	2,746	1,246	5,358	0	11,596
Supplies and printing	0	8,169	4,700	26,734	3,107	7,067	49,777
Telephone	0	15,926	0	592	137	0	16,655
Travel and conferences	0	3,401	2,701	7,806	3,729	5,843	23,480
Utilities	0	0	0	0	2,718	0	2,718
<b>TOTALS</b>	<u>\$2,551,618</u>	<u>\$289,866</u>	<u>\$185,581</u>	<u>\$314,531</u>	<u>\$ 75,947</u>	<u>\$ 56,046</u>	<u>\$3,473,589</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, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Operating activities:		
Excess revenues	\$ 9,011	\$ 29,120
Add: Non-cash expense, depreciation	52,911	37,671
Less: computer donation	<u>0</u>	<u>(103,672)</u>
Cash provided by (applied to) operations	61,922	(36,881)
Increase (decrease) in other assets and liabilities:		
Bequest receivable	(50,000)	0
Accounts payable	<u>(44,238)</u>	<u>50,599</u>
Net cash provided by (applied to) operating activities	(32,316)	13,718
Investment activities:		
Purchase of equipment	<u>(45,397)</u>	<u>(2,693)</u>
Net increase (decrease) in cash	(77,713)	11,025
Cash - beginning of year	<u>729,449</u>	<u>718,424</u>
CASH - END OF YEAR	<u>\$651,736</u>	<u>\$729,449</u>

See accompanying notes and independent auditor's report.



ANGEL FLIGHT OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

**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 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.

See Accountants' Report

ANGEL FLIGHT OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

**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 - CHANGE IN ACCOUNTING FOR DONATED SERVICES:**

The Organization recognizes the value of donated services if the services create or enhance a non-financial asset, or require specialized skills that would need to be purchased if they were not donated. This policy was implemented retroactively to 2012.

**NOTE D - 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, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Air transport services	\$3,019,038	\$2,551,618
Legal and organization costs	7,774	35,733
Computer consulting	35,000	34,790
Public education and patient outreach	46,000	61,071
Printing costs	<u>3,910</u>	<u>3,817</u>
Total	<u>\$3,111,722</u>	<u>\$2,687,029</u>

See Accountants' Report

ANGEL FLIGHT OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

**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 2013 and 2012, 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 February 15, 2014, 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