

ANGEL FLIGHT OF NEW ENGLAND, INC.  
FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2016 AND 2015

ANGEL FLIGHT OF NEW ENGLAND, INC.

DECEMBER 31, 2016 AND 2015

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

CERTIFIED PUBLIC ACCOUNTANT

404 WYMAN STREET – SUITE 380

WALTHAM, MA 02451-1212

(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, 2016 and 2015, 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, 2016 and 2015, 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 Friel CPA, PC*

Waltham, Massachusetts  
August 5, 2017

ANGEL FLIGHT OF NEW ENGLAND, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Current assets:		
Cash	\$723,799	\$750,287
Common tocks	15,847	0
Accounts receivable	10,000	0
Bequest receivable (at FMV)	<u>0</u>	<u>50,000</u>
Total current assets	<u>749,646</u>	<u>800,287</u>
Property and equipment:		
Airplane	234,297	234,297
Computer equipment	115,047	115,047
Furniture and fixtures	<u>1,043</u>	<u>1,043</u>
Total	350,387	350,387
Accumulated depreciation	<u>(283,798)</u>	<u>(256,989)</u>
Net property and equipment	<u>66,589</u>	<u>93,398</u>
TOTAL ASSETS	<u>\$816,235</u>	<u>\$893,685</u>

LIABILITIES AND FUND BALANCES

Current Liability:		
Accounts payable	\$16,535	\$ 9,929
Fund balance:		
Unrestricted	<u>799,700</u>	<u>883,756</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$816,235</u>	<u>\$893,685</u>

See accompanying notes and independent auditor's report.

ANGEL FLIGHT OF NEW ENGLAND, INC.

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>Unrestricted</u>	<u>Totals</u>	
		<u>2016</u>	<u>2015</u>
Public support and revenue:			
Donated services	\$2,388,049	\$2,388,049	\$1,866,367
Contributions	339,488	339,488	370,552
Special events, net of costs	300,139	300,139	278,825
Grants	145,000	145,000	150,800
Investment income	<u>1,002</u>	<u>1,002</u>	<u>533</u>
Total	<u>3,173,678</u>	<u>3,173,678</u>	<u>2,668,077</u>
Expenses:			
Air transport services	2,322,202	2,322,202	1,778,694
Flight coordination	293,099	293,099	266,253
Pilot resource management	105,647	105,647	130,105
Community Outreach	338,267	338,267	295,611
General and administrative	95,862	95,862	79,568
Fundraising costs	<u>102,657</u>	<u>102,657</u>	<u>93,977</u>
Total	<u>3,257,734</u>	<u>3,257,734</u>	<u>2,644,208</u>
Excess revenues (expenses)	(84,056)	(84,056)	23,869
Fund balances, beginning of year	<u>883,756</u>	<u>883,756</u>	<u>859,887</u>
Fund balances, end of year	<u>\$ 799,700</u>	<u>\$ 799,700</u>	<u>\$ 883,756</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, 2016

	Air Transport Services	Flight Coordination	Pilot Resource Management	Community Outreach	General and Administrative	Fundraising Costs	Total
Donated Services	\$2,322,202	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$2,322,202
Salaries	0	167,747	94,005	58,620	0	65,951	386,323
Payroll taxes and fees	0	17,635	7,574	4,542	0	5,764	35,515
Advertising	0	0	0	0	0	5,746	5,746
Airplane expenses:							
Repairs	0	0	0	34,895	0	0	34,895
Fuel	0	0	0	2,839	0	0	2,839
Computer services and expenses	0	2,300	0	30,820	0	0	33,120
Consultant	0	0	0	128,268	0	0	128,268
Depreciation	0	9,857	0	16,952	0	0	26,809
Fuel reimbursement	0	57,015	0	0	0	0	57,015
Insurance	0	14,562	2,911	8,507	3,539	0	29,519
Meals	0	0	312	1,616	0	2,061	3,989
Postage and delivery	0	0	442	8,033	1,724	2,501	12,700
Professional fees	0	0	0	0	68,367	0	68,367
Public education and outreach	0	0	0	26,624	0	0	26,624
Rent	0	9,818	0	2,527	3,118	0	15,463
Repairs	0	0	0	0	2,216	0	2,216
Supplies and printing	0	0	403	6,832	5,624	18,260	31,119
Telephone	0	4,302	0	684	2,662	333	7,981
Travel	0	9,863	0	6,508	6,130	2,041	24,542
Utilities	0	0	0	0	2,482	0	2,482
<b>TOTALS</b>	<b>\$2,322,202</b>	<b>\$ 293,099</b>	<b>\$ 105,647</b>	<b>\$ 338,267</b>	<b>\$ 95,862</b>	<b>\$ 102,657</b>	<b>\$3,257,734</b>

See accompanying notes and independent auditor's report.

ANGEL FLIGHT OF NEW ENGLAND, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Air Transport Services	Flight Coordination	Pilot Resource Management	Community Outreach	General and Administrative	Fundraising Costs	Total
Donated Services	\$ 1,778,694	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,778,694
Salaries	0	170,117	110,577	74,374	0	62,524	417,592
Payroll taxes and fees	0	17,588	8,954	5,912	0	5,137	37,591
Airplane expenses:							
Repairs	0	0	0	8,474	0	0	8,474
Fuel	0	0	0	2,001	0	0	2,001
Computer services and expenses	0	9,760	2,327	33,356	0	0	45,443
Consultant	0	0	0	80,121	0	0	80,121
Depreciation	0	12,934	0	18,406	0	0	31,340
Fuel reimbursement	0	9,155	0	0	0	0	9,155
Insurance	0	21,300	4,720	9,685	3,391	0	39,096
Meals	0	0	1,287	0	0	2,924	4,211
Postage and delivery	0	0	0	5,264	1,629	2,581	9,474
Professional fees	0	0	0	0	58,503	0	58,503
Public education and outreach	0	0	0	41,677	0	6,444	48,121
Rent	0	9,778	0	0	3,118	0	12,896
Supplies and printing	0	4,232	2,240	14,565	2,258	10,570	33,865
Telephone	0	4,911	0	574	2,197	480	8,162
Travel	0	6,478	0	1,202	6,106	3,317	17,103
Utilities	0	0	0	0	2,366	0	2,366
<b>TOTALS</b>	<u>\$ 1,778,694</u>	<u>\$ 266,253</u>	<u>\$ 130,105</u>	<u>\$ 295,611</u>	<u>\$ 79,568</u>	<u>\$ 93,977</u>	<u>\$ 2,644,208</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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Operating activities:		
Excess revenues (expenses)	\$ (84,056)	\$ 23,869
Add: Non-cash items		
Depreciation	<u>26,809</u>	<u>31,340</u>
Cash provided by (applied to) operations	(57,247)	55,209
Increase (decrease) in other assets and liabilities:		
Receivables	40,000	0
Common stock	(15,847)	11,108
Accounts payable	<u>6,606</u>	<u>3,525</u>
Net cash provided by (applied to) operating activities	(26,488)	69,842
Investment activities:		
Purchase of equipment	<u>0</u>	<u>(1,850)</u>
Net increase (decrease) in cash	(26,488)	67,992
Cash - beginning of year	<u>750,287</u>	<u>682,295</u>
CASH - END OF YEAR	<u>\$723,799</u>	<u>\$750,287</u>

See accompanying notes and independent auditor's report.

ANGEL FLIGHT OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

**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, 2016

**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, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Air transport services	\$2,322,202	\$1,778,694
Legal and organization costs	38,677	35,118
Computer consulting	0	7,500
Public education and patient outreach	22,880	40,450
Printing costs	<u>4,290</u>	<u>4,604</u>
Total	<u>\$2,388,049</u>	<u>\$1,866,366</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 institution where the funds are kept has a long history of sound financial performance.

**NOTE E - RELATED PARTY TRANSACTIONS:**

The Organization paid the Executive Director \$6,000 in 2016 and 2015, respectively for the rental of an airport hangar.

See Accountants' Report

ANGEL FLIGHT OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

**NOTE F - SUBSEQUENT EVENTS:**

Transactions subsequent to the year ended December 31, 2011 have been evaluated through August 5, 2017 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, 2013 – 2015 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, 2015 and 2014.

See Accountants' Report

ANGEL FLIGHT OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

**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.

The table below segregates all financial assets and liabilities as of December 31, 2014 and 2013 that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date:

	<u>December 31, 2016</u>	<u>Quoted Prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant un-observable inputs (Level 3)</u>
Common Stocks	\$ 15,487	\$ 15,847	\$ 0	\$ 0
	<u>December 31, 2015</u>			
Common Stocks	\$ 0	\$ 0	\$ 0	\$ 0

See Accountants' Report