



PATIENT AIRLIFT SERVICES, INC.

Financial Statements

For the Years Ended December 31, 2020 and 2019



**and
Report Thereon**



PATIENT AIRLIFT SERVICES, INC.

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For the Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Patient AirLift Services, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Patient AirLift Services, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditors' 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Patient AirLift Services, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Patient AirLift Services, Inc. as of December 31, 2019, were audited by other auditors whose report dated April 15, 2020, expressed an unmodified opinion on those statements.

Marcum LLP

Washington, DC
April 15, 2021

PATIENT AIRLIFT SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 1,275,247	\$ 1,353,136
Contributions receivable	42,595	4,786
Prepaid expenses and other assets	67,854	62,759
Property and equipment, net	63,301	167,476
TOTAL ASSETS	\$ 1,448,997	\$ 1,588,157
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 117,375	\$ 127,224
Refundable advance	1,235	110,000
Paycheck Protection Program loan payable	169,390	-
TOTAL LIABILITIES	288,000	237,224
Net Assets		
Without donor restrictions	1,016,997	1,335,933
With donor restrictions	144,000	15,000
TOTAL NET ASSETS	1,160,997	1,350,933
TOTAL LIABILITIES AND NET ASSETS	\$ 1,448,997	\$ 1,588,157

The accompanying notes are an integral part of these financial statements.

PATIENT AIRLIFT SERVICES, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Contributions	\$ 2,845,650	\$ 144,000	\$ 2,989,650	\$ 5,709,897	\$ 15,000	\$ 5,724,897
Special events, net of direct costs	-	-	-	577,805	-	577,805
Other income	3,598	-	3,598	29,140	-	29,140
Net assets released from restrictions	15,000	(15,000)	-	-	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	<u>2,864,248</u>	<u>129,000</u>	<u>2,993,248</u>	<u>6,316,842</u>	<u>15,000</u>	<u>6,331,842</u>
EXPENSES						
Program Services	<u>2,394,366</u>	<u>-</u>	<u>2,394,366</u>	<u>6,011,593</u>	<u>-</u>	<u>6,011,593</u>
Supporting Services:						
Fundraising	542,508	-	542,508	538,307	-	538,307
General and administrative	<u>246,310</u>	<u>-</u>	<u>246,310</u>	<u>285,328</u>	<u>-</u>	<u>285,328</u>
Total Supporting Services	<u>788,818</u>	<u>-</u>	<u>788,818</u>	<u>823,635</u>	<u>-</u>	<u>823,635</u>
TOTAL EXPENSES	<u>3,183,184</u>	<u>-</u>	<u>3,183,184</u>	<u>6,835,228</u>	<u>-</u>	<u>6,835,228</u>
CHANGE IN NET ASSETS	(318,936)	129,000	(189,936)	(518,386)	15,000	(503,386)
NET ASSETS, BEGINNING OF YEAR	<u>1,335,933</u>	<u>15,000</u>	<u>1,350,933</u>	<u>1,854,319</u>	<u>-</u>	<u>1,854,319</u>
NET ASSETS, END OF YEAR	<u>\$ 1,016,997</u>	<u>\$ 144,000</u>	<u>\$ 1,160,997</u>	<u>\$ 1,335,933</u>	<u>\$ 15,000</u>	<u>\$ 1,350,933</u>

The accompanying notes are an integral part of these financial statements.

PATIENT AIRLIFT SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Supporting Services			Total
	Program Services	Fundraising	General and Administrative	
In-kind contributions – pilot services	\$ 1,597,559	\$ -	\$ -	\$ 1,597,559
In-kind contributions – airline tickets	99,200	-	-	99,200
Salaries and employee benefits	328,858	293,985	182,031	804,874
Consultants	57,920	132,500	38,148	228,568
Other	119,372	43,065	11,285	173,722
Depreciation	80,938	20,827	2,410	104,175
Rent	50,605	6,326	6,534	63,465
Computer and software	23,293	23,290	5,750	52,333
Patient travel	36,271	486	-	36,757
Special events	-	20,832	-	20,832
Travel	350	1,197	152	1,699
	\$ 2,394,366	\$ 542,508	\$ 246,310	\$ 3,183,184
TOTAL EXPENSES	\$ 2,394,366	\$ 542,508	\$ 246,310	\$ 3,183,184

The accompanying notes are an integral part of these financial statements.

PATIENT AIRLIFT SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	Supporting Services			Total
	Program Services	Fundraising	General and Administrative	
In-kind contributions – pilot services	\$ 4,869,091	\$ -	\$ -	\$ 4,869,091
In-kind contributions – airline tickets	147,383	-	-	147,383
Salaries and employee benefits	464,189	279,660	163,617	907,466
Consultants	73,144	83,249	95,485	251,878
Patient travel	190,939	-	-	190,939
Special events	-	139,336	-	139,336
Other	88,024	39,858	11,283	139,165
Depreciation	82,450	20,497	1,315	104,262
Rent	51,350	6,425	6,425	64,200
Computer and software	24,973	14,987	3,977	43,937
Travel	20,050	4,927	3,226	28,203
	6,011,593	588,939	285,328	6,885,860
Less: Cost of direct benefits to donors	-	(50,632)	-	(50,632)
TOTAL EXPENSES	\$ 6,011,593	\$ 538,307	\$ 285,328	\$ 6,835,228

The accompanying notes are an integral part of these financial statements.

PATIENT AIRLIFT SERVICES, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (189,936)	\$ (503,386)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	104,175	104,262
Allowance for doubtful accounts	-	250
Changes in assets and liabilities:		
Contributions receivable	(37,809)	(2,948)
Prepaid expenses and other assets	(5,095)	(13,174)
Accounts payable and accrued expenses	(9,849)	5,571
Refundable advance	(108,765)	110,000
NET CASH USED IN OPERATING ACTIVITIES	(247,279)	(299,425)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	-	1,240,000
Purchases of investments	-	(744,000)
Purchases of property and equipment	-	(17,082)
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	478,918
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	169,390	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	169,390	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(77,889)	179,493
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,353,136	1,173,643
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,275,247	\$ 1,353,136

The accompanying notes are an integral part of these financial statements.

PATIENT AIRLIFT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies

Organization

Patient AirLift Services, Inc. (the Organization) is a charitable nonprofit organization whose purpose is to arrange free air transportation within the entire northeast United States for individuals requiring medical care and for other humanitarian purposes.

During March 2018, the Organization entered into an Asset Purchase Agreement (the Agreement). Pursuant to the Agreement, the Organization acquired Sky Hope Network, a Texas nonprofit corporation dedicated to coordinating volunteer relief flights during emergency or urgent situations. The Organization acquired the assets of Sky Hope Network, and Sky Hope Network has dissolved in accordance with the laws of the State of Texas by filing a Certificate of Termination on April 9, 2018.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Classification of Net Assets

Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of the Organization at the discretion of the Organization's management and the Board. Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of the Organizations or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restrictions is reported in the financial statements by reclassifying net assets from net assets with donor restrictions to net assets without donor restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as without donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include highly-liquid investments with an original maturity of three months or less when acquired.

Contributions Receivable

Contributions are recognized when the donor makes a pledge to the Organization that is, in substance, unconditional.

The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on management's analysis of specific promises made.

PATIENT AIRLIFT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions are recognized when cash, securities or unconditional promises to give are made or when donated services are received. Special events revenue is recognized when the event occurs, and performance obligations are satisfied.

Transactions where the resource provider often receives value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as a refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Contributions are recorded as either with donor restrictions or without donor restrictions. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and administrative services benefited. Salaries and related benefits for certain employees are attributable to more than program or supporting function and have been allocated based on estimated time and effort. Such allocations are determined by management on a proportional percentage basis. The percentages are reviewed annually and the amount each department is charged depends on the type of cost. In the cases where costs can be easily allocated to a function by usage, they are directly charged to it.

Property and Equipment and Related Depreciation and Amortization

Furniture and equipment are recorded at cost if purchased or at fair value on the date of donation. Depreciation is provided on the straight-line basis over the estimated useful life of the asset (three to seven years). Expenditures for repairs and maintenance are expensed as incurred.

401(k) Plan

For eligible employees, the Organization maintains a defined contribution 401(k) plan (the Plan) whereby the Organization matches 50% of qualified employee contributions made, up to a maximum of 6% of individual's salaries contributed. The Organization made matching contributions to the Plan amounting to \$12,000 and \$18,000 for the years ended December 31, 2020 and 2019, respectively.

PATIENT AIRLIFT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Property and Equipment

Property and equipment are comprised of the following:

	<u>2020</u>	<u>2019</u>
Office equipment	\$ 51,265	\$ 51,265
Furniture	7,010	7,010
Software	<u>285,913</u>	<u>285,913</u>
Total Property and Equipment	344,188	344,188
Less: Accumulated Depreciation	<u>(280,887)</u>	<u>(176,712)</u>
Property and Equipment, Net	<u>\$ 63,301</u>	<u>\$ 167,476</u>

Depreciation and amortization expense for the years ended December 31, 2020 and 2019 amounted to \$104,175 and \$104,262, respectively.

3. Related Party Transactions

The Organization receives contributions and donated pilot services from certain members of the Board of Directors. Contributions received totaled \$39,175 and \$175,506 for the years ended December 31, 2020 and 2019, respectively. Donated pilot services received totaled \$329,931 and \$2,197,677 for the years ended December 31, 2020 and 2019, respectively.

4. In-kind Contributions

The Organization records various types of in-kind contributions and include the donated services received from related parties. Contributed services are recognized at fair value if the services received (a) created or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. In-kind contributions are included in contributions and are offset by like amounts included in program expenses on the statements of activities.

PATIENT AIRLIFT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

4. In-kind Contributions (continued)

The Organization received the following in-kind contributions during the years ended December 31, 2020 and 2019, with fair values as follows:

	2020	2019
Pilot services	\$ 1,597,559	\$ 4,869,091
Airline tickets	99,200	147,383
Total	\$ 1,696,759	\$ 5,016,474

5. Paycheck Protection Program Loan Payable

On May 8, 2020, the Organization entered into a Small Business Administration (SBA) loan with its financial institution under the Paycheck Protection Program (PPP) for the amount of \$169,390. The loan will mature on May 8, 2022, and bears a fixed interest rate of 1% per annum. Monthly payments of principal and interest will commence ten months after the end of the forgiveness covered period. The loan amount may be eligible for forgiveness pursuant to the PPP, which established minimum amounts of the loan to be used to cover payroll costs and the remainder used for mortgage interest, rent and utility costs over a specified period of time after the loan was made and based on the assumption that the number of employees and compensation levels are maintained. On February 16, 2021, the Organization received approval of the PPP loan forgiveness request.

6. Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes or period for the years ended December 31, 2020 and 2019:

	2020	2019
Subject to expenditure for specified purpose:		
Pediatric flights	\$ 100,000	\$ -
Location specific flights	20,000	-
Veteran flights	19,000	-
Total Subject to Expenditure for Specified Purpose	139,000	-
Subject to passage of time:	5,000	15,000
Total Net Assets With Donor Restrictions	\$ 144,000	15,000

PATIENT AIRLIFT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

7. Commitments and Risks

Concentration of Credit Risk

The Organization maintains its cash with a commercial financial institution in aggregate balances that may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. While the amounts at times exceed the amount guaranteed by federal agencies and, therefore, bear some risk, the Organization has not experienced, nor does it anticipate, any loss of funds. The Organization monitors the creditworthiness of this institution and has not experienced any historical credit losses on its cash.

Lease Commitments

The Organization entered into an operating lease commitment on October 31, 2016 for a five-year period that commenced on March 1, 2017. Future minimum lease payments under non-cancelable leases, by year end in the aggregate, as of December 31, 2020 are as follows:

<u>For the Year Ending December 31,</u>	
2021	\$ 64,734
2022	<u>10,824</u>
Total	<u>\$ 75,558</u>

Rent expense amounted to \$63,465 and \$64,200 for the years ended December 31, 2020 and 2019, respectively.

Risks and Uncertainties

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closing of businesses across the country for non-essential services. While the disruption is expected to be temporary, there is considerable uncertainty about the duration of the closings. The Organization has been able to continue operations in a remote environment. The extent to which COVID-19 will continue to affect operations remains uncertain.

8. Availability of Resources and Liquidity

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization's liquidity resources and financial assets available within one year of the statement of financial position date for general expenditures were as follows:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,275,247	\$ 1,353,136
Contribution receivables	<u>42,595</u>	<u>4,786</u>
Total Financial Assets	\$ 1,317,842	\$ 1,357,922

PATIENT AIRLIFT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

8. Availability of Resources and Liquidity (continued)

	<u>2020</u>	<u>2019</u>
(Continued)		
Less:		
Amounts unavailable for general expenditures within One year due to donors' purposes restrictions	<u>(139,000)</u>	<u>-</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 1,117,842</u>	<u>\$ 1,357,922</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

9. Income Taxes

The Organization is incorporated in the State of New York as a nonprofit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. No provision for federal or state income taxes was required as of December 31, 2020 and 2019, as PALS had no taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Financial Accounting Standards Board Accounting Standards Codification Topic 740, Income Taxes. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization evaluated its uncertainty in income taxes for the years ended December 31, 2020 and 2019, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status, and there are currently no examinations in progress. It is the Organization's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax expense. As of December 31, 2020 and 2019, the Organization had no accruals for interest and/or penalties.

10. Subsequent Events

The Organization has evaluated the effect of subsequent events on these financial statements through April 15, 2021, the date the financial statements were available to be issued. Except for the application and approval for loan forgiveness described in Note 5, there were no subsequent events identified through April 15, 2021, that are required to be disclosed in these financial statements.