



PATIENT AIRLIFT SERVICES, INC.

Financial Statements

For the Years Ended December 31, 2021 and 2020



**and
Report Thereon**



PATIENT AIRLIFT SERVICES, INC.

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For the Years Ended December 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Patient AirLift Services, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Patient AirLift Services, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Patient AirLift Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Patient AirLift Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Patient AirLift Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Patient AirLift Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Marcum LLP

Washington, DC
April 1, 2022

PATIENT AIRLIFT SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 1,431,784	\$ 1,275,247
Contributions receivable	37,310	42,595
Prepaid expenses and other assets	65,691	67,854
Property and equipment, net	1,761	63,301
TOTAL ASSETS	\$ 1,536,546	\$ 1,448,997
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 101,777	\$ 117,375
Refundable advance	-	1,235
Paycheck Protection Program loan payable	-	169,390
TOTAL LIABILITIES	101,777	288,000
Net Assets		
Without donor restrictions	1,139,769	1,016,997
With donor restrictions	295,000	144,000
TOTAL NET ASSETS	1,434,769	1,160,997
TOTAL LIABILITIES AND NET ASSETS	\$ 1,536,546	\$ 1,448,997

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

PATIENT AIRLIFT SERVICES, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Contributions	\$ 3,360,444	\$ 295,000	\$ 3,655,444	\$ 2,845,650	\$ 144,000	\$ 2,989,650
Special events, net of direct costs	559,738	-	559,738	-	-	-
Other income	325	-	325	3,598	-	3,598
Net assets released from restrictions	144,000	(144,000)	-	15,000	(15,000)	-
TOTAL PUBLIC SUPPORT AND REVENUE	4,064,507	151,000	4,215,507	2,864,248	129,000	2,993,248
EXPENSES						
Program Services	3,556,602	-	3,556,602	2,394,366	-	2,394,366
Supporting Services:						
Fundraising	414,578	-	414,578	542,508	-	542,508
General and administrative	139,945	-	139,945	246,310	-	246,310
Total Supporting Services	554,523	-	554,523	788,818	-	788,818
TOTAL EXPENSES	4,111,125	-	4,111,125	3,183,184	-	3,183,184
Change in net assets before other activities	(46,618)	151,000	104,382	(318,936)	129,000	(189,936)
OTHER ACTIVITIES						
Forgiveness of loan payable	169,390	-	169,390	-	-	-
TOTAL OTHER ACTIVITIES	169,390	-	169,390	-	-	-
CHANGE IN NET ASSETS	122,772	151,000	273,772	(318,936)	129,000	(189,936)
NET ASSETS, BEGINNING OF YEAR	1,016,997	144,000	1,160,997	1,335,933	15,000	1,350,933
NET ASSETS, END OF YEAR	\$ 1,139,769	\$ 295,000	\$ 1,434,769	\$ 1,016,997	\$ 144,000	\$ 1,160,997

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, 2021

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>	
In-kind contributions – pilot services	\$ 2,712,889	\$ -	\$ -	\$ 2,712,889
Salaries and employee benefits	399,793	232,118	89,031	720,942
Consultants	89,144	79,425	31,334	199,903
Other	89,758	7,381	7,537	104,676
In-kind contributions – airline tickets	97,200	-	-	97,200
Special events	5,869	84,211	-	90,080
Depreciation	47,607	12,376	1,557	61,540
Rent	44,708	6,791	4,386	55,885
Computer and software	25,551	15,981	5,937	47,469
Patient travel	43,651	-	-	43,651
Travel	432	40	163	635
Total	3,556,602	438,323	139,945	4,134,870
Less: Cost of direct benefits to donors	-	(23,745)	-	(23,745)
TOTAL EXPENSES	<u>\$ 3,556,602</u>	<u>\$ 414,578</u>	<u>\$ 139,945</u>	<u>\$ 4,111,125</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
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
In-kind contributions – airline tickets	99,200	-	-	99,200
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
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.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 273,772	\$ (189,936)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	61,540	104,175
Forgiveness of loan payable	(169,390)	-
Changes in assets and liabilities:		
Contributions receivable	5,285	(37,809)
Prepaid expenses and other assets	2,163	(5,095)
Accounts payable and accrued expenses	(15,598)	(9,849)
Refundable advance	(1,235)	(108,765)
	156,537	(247,279)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	169,390
	-	169,390
NET CASH PROVIDED BY FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	156,537	(77,889)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,275,247	1,353,136
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,431,784	\$ 1,275,247
NONCASH FINANCING ACTIVITIES		
Forgiveness of loan payable	\$ 169,390	\$ -

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, 2021 and 2020

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.

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.

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.

PATIENT AIRLIFT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2021 and 2020

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

Revenue Recognition (continued)

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 for the each of the years ended December 31, 2021 and 2020.

PATIENT AIRLIFT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

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>2021</u>	<u>2020</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>(342,427)</u>	<u>(280,887)</u>
Property and Equipment, Net	<u>\$ 1,761</u>	<u>\$ 63,301</u>

Depreciation and amortization expense for the years ended December 31, 2021 and 2020 amounted to \$61,540 and \$104,175, respectively.

3. Related Party Transactions

The Organization receives contributions and donated pilot services from certain members of the Board of Directors. Contributions received totaled \$103,812 and \$39,175 for the years ended December 31, 2021 and 2020, respectively. Donated pilot services received totaled \$317,569 and \$329,931 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020

4. In-kind Contributions (continued)

The Organization received the following in-kind contributions during the years ended December 31, 2021 and 2020, with fair values as follows:

	<u>2021</u>	<u>2020</u>
Pilot services	\$ 2,712,889	\$ 1,597,559
Airline tickets	<u>97,200</u>	<u>99,200</u>
Total	<u>\$ 2,810,089</u>	<u>\$ 1,696,759</u>

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. As a result, the Organization recognized the forgiveness of the loan principal in the amount of \$169,390 in the accompanying statement of activities.

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Pediatric flights	\$ 115,000	\$ 100,000
Location specific flights	50,000	20,000
Illness specific flights	<u>100,000</u>	<u>19,000</u>
Total Subject to Expenditure for Specified Purpose	<u>265,000</u>	<u>139,000</u>
Subject to passage of time:	<u>30,000</u>	<u>5,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 295,000</u>	<u>\$ 144,000</u>

PATIENT AIRLIFT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

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. This lease was modified during the year ended December 31, 2021, which served to reduce the Organization's office space and extend the term of the lease through February 2027. Effective September 1, 2021, the monthly rate was \$3,200. This rate increased by \$100 beginning on March 1, 2023, and every March 1 for the subsequent years through the end of the lease. Future minimum lease payments under non-cancelable leases, by year end in the aggregate, as of December 31, 2021 are as follows:

<u>For the Year Ending</u> <u>December 31,</u>	
2022	\$ 38,400
2023	39,400
2024	40,600
2025	41,800
2026	43,000
Thereafter	<u>7,200</u>
Total	<u>\$ 210,400</u>

Rent expense amounted to \$55,885 and \$63,465 for the years ended December 31, 2021 and 2020, 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 hybrid in-person and remote environment. The extent to which COVID-19 will continue to affect operations remains uncertain.

PATIENT AIRLIFT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

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>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,431,784	\$ 1,275,247
Contribution receivables	<u>37,310</u>	<u>42,595</u>
Total Financial Assets	1,469,094	1,317,842
Less:		
Amounts unavailable for general expenditures within		
One year due to donors' purposes restrictions	<u>(265,000)</u>	<u>(139,000)</u>
Financial Assets Available to Meet		
General Expenditures Within One Year	<u>\$ 1,204,094</u>	<u>\$ 1,117,842</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, 2021 and 2020, as the Organization had no taxable net unrelated business income.

The Organization evaluated its uncertainty in income taxes for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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 1, 2022, the date the financial statements were available to be issued. There were no subsequent events identified through April 1, 2022, that are required to be disclosed in these financial statements.