Patient AirLift Services, Inc.

Financial Statements
and Independent Auditor's Report

December 31, 2013 and 2012

Patient AirLift Services, Inc.

Index

Independent Auditor's Report

To the Board of Directors
Patient AirLift Services, Inc.

We have audited the accompanying financial statements of Patient AirLift Services, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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, 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, 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.

CohnReznick LLP

Roseland, New Jersey
March 20, 2014

Patient AirLift Services, Inc.

Statements of Financial Position
December 31, 2013 and 2012

Assets	2013	2012
Current assets:		
Cash and cash equivalents	$ 1,565,212	$ 1,234,348
Contributions receivable, net of allowance for doubtful accounts of $900 and $0	19,211	6,985
Prepaid expenses and other current assets	23,528	35,400
Total current assets	1,607,951	1,276,733
Furniture and equipment, net	9,328	78,233
Totals	$ 1,617,279	$ 1,354,966
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 37,464	$ 35,487
Deferred revenue	-	44,400
Total liabilities	37,464	79,887
Commitments		
Net assets - unrestricted	1,579,815	1,275,079
Totals	$ 1,617,279	$ 1,354,966

See Notes to Financial Statements.

Patient AirLift Services, Inc.

Statements of Activities
Years Ended December 31, 2013 and 2012

	2013	2012
Public support and revenue:		
Contributions	$ 1,226,951	$ 1,049,072
Special events revenue	767,842	394,958
Other income	2,804	4,638
Total public support and revenue	1,997,597	1,448,668
Expenses:		
Program	1,491,153	1,075,335
Special events expenses	131,191	104,862
General and administrative	64,164	61,327
Loss on disposal of asset	6,353	-
Total expenses	1,692,861	1,241,524
Change in unrestricted net assets	304,736	207,144
Unrestricted net assets, beginning of year	1,275,079	1,067,935
Unrestricted net assets, end of year	$ 1,579,815	$ 1,275,079

See Notes to Financial Statements.

Patient AirLift Services, Inc.

Statements of Cash Flows
Years Ended December 31, 2013 and 2012

	2013	2012
Operating activities:		
Change in unrestricted net assets	$ 304,736	$ 207,144
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation	17,321	17,033
Net realized gain on investments	(54)	-
Donated securities	(16,090)	-
Proceeds from sale of donated securities	16,144	-
Bad debt expense	900	-
Loss on disposal of asset	10,471	-
Contribution of furniture and equipment	(2,824)	-
Changes in operating assets and liabilities:		
Contributions receivable	(13,126)	(5,785)
Prepaid expenses and other current assets	11,872	(23,655)
Deferred revenue	(44,400)	44,400
Accounts payable and accrued expenses	1,977	9,155
Net cash provided by operating activities	286,927	248,292
Investing activities:		
Acquisition of furniture and equipment	(1,946)	(5,897)
Proceeds from sale of equipment	45,883	-
Net cash provided by (used in) investing activities	43,937	(5,897)
Net increase in cash and cash equivalents	330,864	242,395
Cash and cash equivalents, beginning of year	1,234,348	991,953
Cash and cash equivalents, end of year	$ 1,565,212	$ 1,234,348

See Notes to Financial Statements.

Note 1 - 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, as far west as Ohio and as far south as Virginia, to individuals requiring medical care and for other humanitarian purposes.

Note 2 - Summary of significant accounting policies

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.

Use of 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.

Concentrations of credit risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents. Cash equivalents include highly liquid investments with a maturity of three months or less when acquired. The Organization places its cash and cash equivalents with high credit quality financial institutions. At December 31, 2013, the Organization has cash amounts exceeding the insured limits in the amount of approximately $325,000.

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.

Contributions

Contributions are recognized when unconditional promises to give are made. For the years ended December 31, 2013 and 2012, there were two donors whose contributions comprised 28% and 18%, respectively, of total public support revenue.

Allocation of expenses

Expenses by function have been allocated among program and general and administrative services on the basis of time records and estimates made by management.

Income taxes

The Organization is incorporated in the State of New York as a nonprofit organization and is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for Federal or state income taxes is required.

The Organization has no unrecognized tax benefits as of December 31, 2013 and 2012. All tax years are currently open as the Organization commenced operations in April 2010.

If applicable, the Organization would recognize interest and penalties associated with tax matters as general and administrative expenses and include accrued interest and penalties with accrued expenses in the statements of financial position. There were no interest or penalties paid for the years ended December 31, 2013 or 2012.

Financial statement presentation

The financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets. Unrestricted net assets represent expendable funds available for operations that are not otherwise limited by donor restrictions. Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reported as net assets released from restrictions. Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity, usually for the purpose of generating investment income to fund current operations.

Contributions received with donor restrictions, where the restriction expires in the period of receipt, are recorded as unrestricted contributions. As of December 31, 2013 and 2012, the Organization had no temporarily or permanently restricted net assets.

Furniture and equipment

Furniture and equipment is 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 (3 - 7 years). Expenditures for repairs and maintenance are expensed as incurred.

Deferred revenue
Deferred revenue represents amounts collected from donors or billed to customers that is not yet earned or included as revenue. As of December 31, 2013, there were no amounts in deferred revenue. For the year ended December 31, 2012, deferred revenue totaled $44,400 for sponsorship amounts received for an event held subsequent to year end. Such amount was recorded as revenue in the period in which the event was held.

Donated investments
During 2013, the Organization received donations of stocks valued at $16,090. The Organization's policy is to liquidate donated securities immediately upon their receipt. The Organization realized a net gain on these sales of $54 for the year ended December 31, 2013. There were no donated securities for the year ended December 31, 2012.

Subsequent events
The Organization has evaluated subsequent events through March 20, 2014, which is the date the financial statements were available to be issued.

Note 3 - Furniture and equipment

Furniture and equipment are comprised of the following:

	2013	2012
Office equipment	$ 19,110	$ 14,342
Transportation equipment	-	78,894
Furniture	7,010	7,010
Totals	26,120	100,246
Less accumulated depreciation	16,792	22,013
Totals	$ 9,328	$ 78,233

Note 4 - Related party transactions

The Organization received contributions from related parties that totaled $109,673 and $120,475 for the years ended December 31, 2013 and 2012, respectively. The Organization also had related party receivables of $13,161 and $1,985 as of December 31, 2013 and 2012, respectively, which are included in contributions receivable. Donated services received from related parties totaled $496,854 and $218,261 for the years ended December 31, 2013 and 2012, respectively. Donated airline tickets received from related parties totaled $2,221 for the year ended December 31, 2013. There were no donated airline tickets from related parties for the year ended December 31, 2012.

Note 5 - Lease commitments

As of December 31, 2013, the Organization has operating lease commitments that expire on August 31, 2014. Lease commitments subsequent to December 31, 2013 amount to $14,300 for 2014. Rent expense amounted to $21,450 in both 2013 and 2012.

Note 6 - In-kind contributions

The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create 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. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to furniture and equipment.

The Organization received the following donated services and items during the years ended December 31, 2013 and 2012 with fair values as follows:

	Years Ended December 31, 2013	Years Ended December 31, 2012
Pilot services	$855,251	$636,910
Donated securities	16,090	-
Professional services	-	12,006
Office equipment	2,824	-
Airline tickets	72,500	40,300
Donated apparel	33,035	-
Totals	$979,700	$689,216