Patient AirLift Services, Inc.

Financial Statements
and Independent Auditor's Report

December 31, 2012 and 2011

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, 2012 and 2011, 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 of 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, 2012 and 2011, 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 19, 2013

Patient Airlift Services, Inc.

Statements of Financial Position
December 31, 2012 and 2011

Assets	2012	2011
Current assets:		
Cash and cash equivalents	$ 1,234,348	$ 991,953
Contributions receivable, net of allowance for doubtful accounts of $0 and $975	6,985	1,200
Prepaid expenses and other current assets	35,400	11,745
Total current assets	1,276,733	1,004,898
Furniture and equipment, net	78,233	89,369
Totals	$ 1,354,966	$ 1,094,267
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 35,487	$ 26,332
Deferred revenue	44,400	
Total liabilities	79,887	26,332
Commitments		
Net assets - unrestricted	1,275,079	1,067,935
Totals	$ 1,354,966	$ 1,094,267

See Notes to Financial Statements.

Patient Airlift Services, Inc.

Statements of Activities
Years Ended December 31, 2012 and 2011

	2012	2011
Public support and revenue:		
Contributions	$ 1,049,072	$ 1,328,327
Special events revenue	394,958	249,431
Other income	4,638	4,239
Total public support and revenue	1,448,668	1,581,997
Expenses:		
Program	1,075,335	656,905
Special events expenses	104,862	203,705
General and administrative	61,327	57,011
Total expenses	1,241,524	917,621
Change in unrestricted net assets	207,144	664,376
Unrestricted net assets, beginning of year	1,067,935	403,559
Unrestricted net assets, end of year	$ 1,275,079	$ 1,067,935

See Notes to Financial Statements.

Patient Airlift Services, Inc.

Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	2012	2011
Operating activities:		
Change in unrestricted net assets	$ 207,144	$ 664,376
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation	17,033	3,874
Net realized gain on investments	-	(89)
Donated securities	-	(15,096)
Bad debt expense	-	975
Noncash contribution of furniture and equipment	-	(82,534)
Changes in operating assets and liabilities:		
Contributions receivable	(5,785)	14,072
Prepaid expenses and other current assets	(23,655)	(8,393)
Deferred revenue	44,400	
Accounts payable and accrued expenses	9,155	10,397
Net cash provided by operating activities	248,292	587,582
Investing activities:		
Acquisition of furniture and equipment	(5,897)	(2,347)
Proceeds from sale of donated securities	-	15,185
Net cash provided by (used in) investing activities	(5,897)	12,838
Net increase in cash and cash equivalents	242,395	600,420
Cash and cash equivalents, beginning of year	991,953	391,533
Cash and cash equivalents, end of year	$ 1,234,348	$ 991,953

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, 2012, the Organization had no cash and cash equivalents in excess of Federally insured limits.

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, 2012 and 2011, there were two donors whose contributions comprised 18% and 58%, 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, 2012 and 2011. 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, 2012 or 2011.

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, 2012 and 2011, 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. 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 is to be recorded as revenue in the period in which the event is held. As of December 31, 2011, there were no amounts in deferred revenue.

Subsequent events:

The Organization has evaluated subsequent events through March 19, 2013, 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:

	2012	2011
Office equipment	$ 14,342	$ 8,445
Transportation equipment	78,894	78,894
Furniture	7,010	7,010
Totals	100,246	94,349
Less accumulated depreciation	22,013	4,980
Totals	$ 78,233	$89,369

Note 4 - Related party transactions:

The Organization received contributions from related parties that totaled $120,475 and $59,183 for the years ended December 31, 2012 and 2011, respectively. The Organization also had related party receivables of $1,985 as of December 31, 2012, which are included in contributions receivable. There were no related party receivables as of December 31, 2011. Donated services received from related parties totaled $218,261 and $175,607 for the years ended December 31, 2012 and 2011, respectively.

Note 5 - Lease commitments:

As of December 31, 2012, the Organization has operating lease commitments that expire on August 31, 2013. Lease commitments subsequent to December 31, 2012 amount to $14,300 for 2013. Rent expense amounted to $21,450 and $16,151 in 2012 and 2011, respectively.

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, 2012 and 2011 with fair values as follows:

	Years Ended December 31,	
	2012	2011
Pilot services	$636,910	$354,041
Donated securities		15,096
Professional services	12,006	9,150
Furniture and equipment		3,640
Airline tickets	40,300	12,200
Airplane		78,894
Totals	$689,216	$473,021