

**ANGEL FLIGHT WEST, INC.**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

**ANGEL FLIGHT WEST, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**CONTENTS**

	<b>Page</b>
Independent Auditor's Report .....	1
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Angel Flight West, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Angel Flight West, Inc., which comprise the statement of financial position as of December 31, 2019, 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.

### **Auditor's 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 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 Angel Flight West, Inc. as of December 31, 2019, 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.

### **Emphasis of Matter**

As discussed in Note 11 to the financial statements, the recent COVID-19 pandemic in the United States and world-wide has resulted in reduced economic activity and market declines. As the extent and duration of the future impact to Angel Flight West, Inc. are uncertain, no adjustments were necessary to the financial statements, and our opinion is not modified with respect to this matter.

To the Board of Directors  
Angel Flight West, Inc.

**Report on Summarized Comparative Information**

We have previously audited Angel Flight West, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 11, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Green Hasson & Janks LLP*

May 8, 2020  
Los Angeles, California

**ANGEL FLIGHT WEST, INC.**

STATEMENT OF FINANCIAL POSITION

December 31, 2019

With Summarized Totals at December 31, 2018

<b>ASSETS</b>	2019			2018 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Cash and Cash Equivalents [Note 2(c)]	\$ 442,972	\$ 162,790	\$ 605,762	\$ 854,027
Investments [Notes 2(d) and 3]	2,082,599	-	2,082,599	1,030,659
Contributions Receivable [Note 2(e)]	16,764	20,000	36,764	108,293
Bequest Receivable [Note 2(f)]	300,577	-	300,577	300,577
Prepaid Expenses	92,920	-	92,920	65,776
Property and Equipment (Net) [Notes 2(g) and 4]	68,278	-	68,278	86,006
<b>TOTAL ASSETS</b>	<b>\$ 3,004,110</b>	<b>\$ 182,790</b>	<b>\$ 3,186,900</b>	<b>\$ 2,445,338</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 17,217	\$ -	\$ 17,217	\$ 14,128
Accrued Expenses [Note 5]	76,138	-	76,138	60,247
Deferred Income	7,000	-	7,000	12,000
<b>TOTAL LIABILITIES</b>	100,355	-	100,355	86,375
<b>NET ASSETS:</b>				
Without Donor Restrictions [Notes 2(b), 7 and 9]	2,903,755	-	2,903,755	2,143,719
With Donor Restrictions [Notes 2(b) and 8]	-	182,790	182,790	215,244
<b>TOTAL NET ASSETS</b>	2,903,755	182,790	3,086,545	2,358,963
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,004,110</b>	<b>\$ 182,790</b>	<b>\$ 3,186,900</b>	<b>\$ 2,445,338</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**ANGEL FLIGHT WEST, INC.**

**STATEMENT OF ACTIVITIES**

Year Ended December 31, 2019

With Summarized Totals for the Year Ended December 31, 2018

	2019			2018 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>REVENUE, SUPPORT AND OTHER INCOME (LOSS):</b>				
Donated Private Aircraft [Note 2(i)]	\$ 8,059,939	\$ -	\$ 8,059,939	\$ 6,866,987
Donated Commercial Airlines [Note 2(i)]	556,707	-	556,707	590,505
Contributions	785,787	64,544	850,331	789,783
Bequests	382,014	-	382,014	345,577
Grants	40,000	299,500	339,500	317,500
Donated Flight Services [Note 2(i)]	401,644	-	401,644	405,624
Special Events (Net of Benefit to Donor Costs of \$241,949 in 2019)	655,449	10,000	665,449	610,349
Other Donated Professional Services and Goods [Note 2(i)]	12,229	-	12,229	10,000
Promotional Events	137	3,020	3,157	6,424
Other Income	1,490	-	1,490	4,356
Investment Income (Loss) (Net)	218,242	-	218,242	(61,729)
Net Assets Released from Donor Restrictions	409,518	(409,518)	-	-
<b>TOTAL REVENUE, SUPPORT, AND OTHER INCOME (LOSS)</b>	<b>11,523,156</b>	<b>(32,454)</b>	<b>11,490,702</b>	<b>9,885,376</b>
<b>OPERATING EXPENSES:</b>				
Program Services	9,939,949	-	9,939,949	8,640,779
Management and General	183,917	-	183,917	190,253
Fundraising	639,254	-	639,254	635,302
<b>TOTAL OPERATING EXPENSES</b>	<b>10,763,120</b>	<b>-</b>	<b>10,763,120</b>	<b>9,466,334</b>
<b>CHANGE IN NET ASSETS</b>	<b>760,036</b>	<b>(32,454)</b>	<b>727,582</b>	<b>419,042</b>
Net Assets - Beginning of Year	2,143,719	215,244	2,358,963	1,939,921
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,903,755</b>	<b>\$ 182,790</b>	<b>\$ 3,086,545</b>	<b>\$ 2,358,963</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**ANGEL FLIGHT WEST, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2019  
With Summarized Totals for the Year Ended December 31, 2018

	2019									2018 Total
	Program Services				Total	Support Services			Total	
	Mission Operations	Outreach Services	Pilot Services	Other Programs		Management and General	Fundraising			
Salaries	\$ 206,927	\$ 151,122	\$ 54,601	\$ 48,136	\$ 460,786	\$ 35,265	\$ 215,742	\$ 711,793	\$ 582,817	
Employee Benefits	28,634	20,912	7,555	6,661	63,762	4,880	29,853	98,495	88,671	
Payroll Taxes	16,738	12,224	4,417	3,894	37,273	2,853	17,451	57,577	48,151	
<b>TOTAL PERSONNEL COSTS</b>	<b>252,299</b>	<b>184,258</b>	<b>66,573</b>	<b>58,691</b>	<b>561,821</b>	<b>42,998</b>	<b>263,046</b>	<b>867,865</b>	<b>719,639</b>	
Bank Charges	-	-	-	-	-	22,722	-	22,722	15,268	
Conferences and Meetings	7,118	16,122	10,711	1,406	35,357	1,334	11,687	48,378	33,277	
Depreciation [Note 4]	13,909	10,158	3,670	3,235	30,972	2,370	14,501	47,843	40,502	
Donated Commercial Airlines [Note 2(i)]	556,707	-	-	-	556,707	-	-	556,707	590,505	
Donated Flight Services [Note 2(i)]	401,644	-	-	-	401,644	-	-	401,644	405,624	
Donated Private Aircraft [Note 2(i)]	8,059,939	-	-	-	8,059,939	-	-	8,059,939	6,866,987	
Fundraising Event Expenses	-	-	-	-	-	-	199,415	199,415	232,469	
Grant Writing Expense	-	-	-	-	-	-	39,070	39,070	41,915	
Grants to Organizations	-	-	23,759	-	23,759	-	-	23,759	22,142	
Insurance	12,849	1,377	498	439	15,163	321	1,966	17,450	16,676	
Miscellaneous	2,256	1,753	763	525	5,297	4,263	3,954	13,514	15,256	
Occupancy [Note 6]	26,401	19,281	6,966	6,141	58,789	4,499	27,526	90,814	72,359	
Office Supplies	6,419	12,508	1,558	1,373	21,858	1,444	5,892	29,194	20,256	
Postage and Printing	1,952	3,098	595	427	6,072	296	20,529	26,897	32,591	
Professional Services	35,440	39,232	6,652	18,389	99,713	102,287	36,754	238,754	259,063	
Program Expenses	17,771	-	-	-	17,771	-	-	17,771	6,810	
Telephone and Internet	7,116	4,162	3,687	943	15,908	691	8,067	24,666	23,616	
Travel and Lodging	4,807	18,511	5,041	820	29,179	692	6,847	36,718	51,379	
<b>TOTAL FUNCTIONAL EXPENSES 2019</b>	<b>\$ 9,406,627</b>	<b>\$ 310,460</b>	<b>\$ 130,473</b>	<b>\$ 92,389</b>	<b>\$ 9,939,949</b>	<b>\$ 183,917</b>	<b>\$ 639,254</b>	<b>\$ 10,763,120</b>		
					92%	2%	6%	100%		
<b>TOTAL FUNCTIONAL EXPENSES 2018</b>	<b>\$ 8,143,547</b>	<b>\$ 221,957</b>	<b>\$ 211,360</b>	<b>\$ 63,915</b>	<b>\$ 8,640,779</b>	<b>\$ 190,253</b>	<b>\$ 635,302</b>		<b>9,466,334</b>	
					91%	2%	7%		100%	

The Accompanying Notes are an Integral Part of These Financial Statements

# ANGEL FLIGHT WEST, INC.

## STATEMENT OF CASH FLOWS

Year Ended December 31, 2019

With Summarized Totals for the Year Ended December 31, 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 727,582	\$ 419,042
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	47,843	40,502
Stock Donations Received	(140,579)	(44,490)
Realized and Unrealized Gain (Loss) on Investments	(172,001)	92,251
(Increase) Decrease in:		
Contributions Receivable	71,529	(17,156)
Bequest Receivable	-	(300,577)
Prepaid Expenses	(27,144)	25,775
Increase (Decrease) in:		
Accounts Payable	3,089	(10,319)
Accrued Expenses	15,891	(2,583)
Deferred Income	(5,000)	(4,000)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>521,210</b>	<b>198,445</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from Sale of Investments	772,889	721,092
Purchase of Investments	(1,475,591)	(580,946)
Reinvested Interest and Dividends	(36,658)	(23,624)
Purchase of Property and Equipment	(30,115)	(44,770)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(769,475)</b>	<b>71,752</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(248,265)</b>	<b>270,197</b>
Cash and Cash Equivalents - Beginning of Year	854,027	583,830
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 605,762</b>	<b>\$ 854,027</b>

The Accompanying Notes are an Integral Part of These Financial Statements



# ANGEL FLIGHT WEST, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019

### NOTE 1 - NATURE OF ORGANIZATION

Angel Flight West, Inc. (AFW) is a nonprofit, volunteer-driven organization that arranges free, non-emergency air travel for children and adults with serious medical conditions and other compelling needs. As of December 31, 2019 AFW's network of 4,555 members, including 1,674 Command Pilots, throughout the thirteen western states donate their aircraft, piloting skills, and all flying costs to help families in need, enabling them to receive vital treatment that might otherwise be inaccessible because of financial, medical or geographic limitations.

When weather or other conditions keep the pilots on the ground, AFW does its best to arrange alternate transportation, such as flights donated by Alaska Airlines and other commercial airline partners, or by occasionally purchasing tickets through AFW's Passenger Assistance Fund. In 2019, AFW arranged 8,675 flights and flew 5,098 flights.

In addition to medical flights, AFW arranges transportation for other humanitarian purposes such as individuals and families escaping domestic violence; injured soldiers taking part in therapeutic programs offered by the Wounded Warrior Project and other veterans' organizations; and prospective parents hoping to adopt a child. AFW also serves as the "official airline" for a number of children's special needs camps attended by youngsters and teens from throughout the AFW service area.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) BASIS OF PRESENTATION

The financial statements of AFW have been prepared utilizing the accrual basis of accounting.

#### (b) NET ASSETS

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor-imposed restrictions. The Board of Directors (the Board) has designated, from net assets without donor restrictions, net assets for a board designated endowment and a short term reserve fund. See Note 7.
- **Net Assets With Donor Restrictions.** Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. See Note 8.

# ANGEL FLIGHT WEST, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less at the time of purchase. The carrying value of cash equivalents approximates its fair value at December 31, 2019.

AFW maintains its cash and cash equivalents in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. AFW has not experienced any losses in such accounts. AFW believes it is not exposed to any significant credit risk on cash and cash equivalents.

#### (d) INVESTMENTS

Investments in marketable securities with readily determinable fair market values and all investments in debt securities are reported at fair value. Interest and dividend income and gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is restricted by donor stipulations or by law.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

#### (e) CONTRIBUTIONS RECEIVABLE

AFW recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest are received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Contributions receivable are discounted to their present value when payments are expected in future periods exceeding one year. These discounts are recorded as reductions to contribution revenue and pledges receivable and are adjusted annually. At December 31, 2019, all contributions receivable are expected to be collected within the following year, and as a result, no discount on pledges receivable was established.

AFW evaluated the collectability of contributions receivable at December 31, 2019, and no allowance for uncollectible contributions receivable was considered necessary.

#### (f) BEQUESTS RECEIVABLE

AFW records and reports bequest gifts when declared valid by the probate court and/or the value of the amounts to be received is determinable.

# ANGEL FLIGHT WEST, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is provided over the estimated useful lives of the related assets on a straight-line basis as follows:

Furniture	10 Years
Leasehold Improvements	5 Years
Computers and Equipment	3-10 Years
Software	5 Years

Expenditures for maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,000 and the useful life is greater than one year.

#### (h) LONG-LIVED ASSETS

AFW reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended December 31, 2019.

#### (i) CONTRIBUTED GOODS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized 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. AFW receives services from volunteer pilots and related flight expenses as well as donated airline tickets from Alaska Airlines and other commercial airline partners. For the year ended December 31, 2019, AFW recorded \$8,059,939 for donated private aircraft services and \$401,644 for donated pilot services on private aircraft. In addition, AFW received \$556,707 in donated commercial air tickets and \$12,229 in various in-kind donations for program events and conferences for the year ended December 31, 2019.

#### (j) INCOME TAXES

Angel Flight West, Inc. is a California non-profit corporation organized in December 1983 and commenced operations in January 1984 under Internal Revenue Service Code Section 501(c)(3).

In accordance with the Financial Accounting Standards Board's (FASB's) Accounting Standards Codification (ASC) Topic No. 740, *Uncertainty in Income Taxes*, AFW recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended December 31, 2019, AFW performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

# ANGEL FLIGHT WEST, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) FUNCTIONAL ALLOCATION OF EXPENSES

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on proportional salary dollars.

#### (l) USE OF 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. Accordingly, actual results could differ from those estimates.

#### (m) COMPARATIVE TOTALS

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with AFW's financial statements for the year ended December 31, 2018 from which the summarized information was derived.

#### (n) NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which improves and converges the revenue recognition requirements of U.S. GAAP and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on scope exceptions and various other narrow aspects, as identified and addressed in such updates. AFW implemented the ASU and subsequent amendments during the year ending December 31, 2019. There was no impact on AFW's financial statements as a result of the implementation of this ASU.

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance. AFW implemented this ASU during the year ending December 31, 2019. There was no impact on AFW's financial statements as a result of the implementation of this ASU.

# ANGEL FLIGHT WEST, INC.

## NOTES TO FINANCIAL STATEMENTS December 31, 2019

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (n) NEW ACCOUNTING PRONOUNCEMENTS (continued)

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and providing additional information about the amounts recorded in the financial statements. For AFW, the ASU will be effective for the year ending December 31, 2021.

#### (o) SUBSEQUENT EVENTS

AFW has evaluated events and transactions occurring subsequent to the statement of financial position date of December 31, 2019 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through May 8, 2020, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred, except as described in Note 11.

### NOTE 3 - INVESTMENTS

AFW has implemented the accounting standard that defines fair value for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

The following table presents information about AFW's assets that are measured at fair value on a recurring basis at December 31, 2019 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended December 31, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>INVESTMENTS:</b>				
Equity Funds	\$ 996,952	\$ 996,952	\$ -	\$ -
Fixed Income Mutual Funds	837,968	837,968	-	-
Alternative Strategy Mutual Funds	247,679	247,679	-	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 2,082,599</b>	<b>\$ 2,082,599</b>	<b>\$ -</b>	<b>\$ -</b>

# ANGEL FLIGHT WEST, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019

### NOTE 3 - INVESTMENTS (continued)

The fair value of the funds within Level 1 was obtained based on quoted market prices at the closing of the last business day of the fiscal year.

AFW's policy is to recognize transfers in and out of Level 1, 2 and 3 as of the end of the year. There were no transfers between levels for the year ended December 31, 2019.

Investment income (net) for the year ended December 31, 2019 consists of:

Interest and Dividends	\$	46,241
Realized and Unrealized Gain		<u>172,001</u>
<b>TOTAL INVESTMENT INCOME (NET)</b>	\$	<u>218,242</u>

### NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2019:

Furniture	\$	36,833
Leasehold Improvements		118,289
Computers and Equipment		63,298
Software		<u>349,574</u>
<b>TOTAL</b>		567,994
Less: Accumulated Depreciation		<u>(499,716)</u>
<b>PROPERTY AND EQUIPMENT (NET)</b>	\$	<u>68,278</u>

Depreciation expense for the year ended December 31, 2019 was \$47,843.

### NOTE 5 - ACCRUED EXPENSES

Accrued expenses at December 31, 2019 consist of the following:

Accrued Payroll	\$	31,302
Accrued Vacation		24,931
Other Accrued Expenses		<u>19,905</u>
<b>TOTAL ACCRUED EXPENSES</b>	\$	<u>76,138</u>

# ANGEL FLIGHT WEST, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019

### NOTE 6 - COMMITMENTS AND CONTINGENCIES

#### (a) OPERATING LEASES

AFW leases its facilities under an operating lease that expires on June 30, 2024. The lease requires AFW to pay utilities and property taxes.

Minimum future rental payments are as follows:

#### Years Ending December 31

2020	\$	88,922
2021		90,671
2022		92,662
2023		95,298
2024		48,353
<b>TOTAL</b>	<b>\$</b>	<b>415,906</b>

Occupancy expense for the year ended December 31, 2019 totaled \$90,814 which includes rent expense of \$74,953.

#### (b) LEGAL PROCEEDINGS

In the normal course of business, AFW may become a party to litigation. Management believes there are no asserted or unasserted claims or contingencies that would have a significant impact on the financial statements of AFW as of December 31, 2019.

### NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS

AFW's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes at December 31, 2019:

Undesignated	\$	751,684
Board Designated Endowment		2,082,599
Board Designated Reserve		69,472
<b>TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>\$</b>	<b>2,903,755</b>

Board Designated Endowment: The Board has designated \$2,082,599 of net assets without donor restrictions as an endowment to provide for the long-term financial sustainability of the organization (see Note 9).

Board Designated Reserve: The Board has designated \$69,472 of net assets without donor restrictions as a reserve to provide liquidity for emergency needs.

# ANGEL FLIGHT WEST, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019

### NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31, 2019:

Mission Services, Outreach and Other Programs	\$ 153,404
Capacity Building Fund	<u>29,386</u>
<b><i>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</i></b>	<b><u>\$ 182,790</u></b>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2019:

Satisfaction of Purpose Restrictions:	
Mission Services, Outreach and Other Programs	\$ 342,086
Capacity Building	<u>67,432</u>
<b><i>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</i></b>	<b><u>\$ 409,518</u></b>

### NOTE 9 - BOARD DESIGNATED ENDOWMENT

The Board has established a Board designated reserve fund functioning as an endowment. The intention of the endowment is that the principal be preserved and inflation protected, to provide for the long-term viability and sustainability of the organization.

The primary long-term financial objective for this endowment is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation and costs of portfolio management. The endowment is managed to optimize the long run total rate of return on invested assets, assuming a prudent level of risk.

Annual appropriations are dependent on the endowment reaching a certain level. Once that level has been reached, on an annual basis along with the budget presentation, the Board will review investment earnings for the prior twelve months and recommend a distribution of funds to support fundraising and program expansion of AFW. The distribution shall not exceed the lesser of 4% or the net gain on investments for the period under review.

The Board has the authority to expend endowment funds for special projects and initiatives it believes will facilitate the sustainability and/or growth of the mission of AFW.



# ANGEL FLIGHT WEST, INC.

## NOTES TO FINANCIAL STATEMENTS December 31, 2019

### NOTE 9 - BOARD DESIGNATED ENDOWMENT (continued)

<b>Endowment Net Asset Composition by Type of Fund at December 31, 2019</b>	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated	\$ 2,082,599	\$ -	\$ 2,082,599
<b>Changes in Endowment Net Assets for the Year Ended December 31, 2019</b>			
Endowment Net Assets -			
Beginning of Year	\$ 1,030,659	\$ -	\$ 1,030,659
Additions	833,698	-	833,698
Endowment Assets Appropriated for Expenditure	-	-	-
Investment Income (Net)	218,242	-	218,242
<b>ENDOWMENT NET ASSETS - END OF YEAR</b>	<b>\$ 2,082,599</b>	<b>\$ -</b>	<b>\$ 2,082,599</b>

### NOTE 10 - RELATED PARTY TRANSACTIONS

AFW's Board of Directors has adopted a conflict of interest policy. The conflict of interest policy is intended to protect the interests of AFW and ensure that decisions affecting AFW are made objectively with full knowledge of the involvement, if any, of the Board and staff.

### NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by AFW at December 31, 2019 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at December 31, 2019:	
Cash and Cash Equivalents	\$ 605,762
Investments	2,082,599
Contributions Receivable	36,764
Bequests Receivable	300,577
<b>TOTAL FINANCIAL ASSETS AT DECEMBER 31, 2019</b>	<b>3,025,702</b>
Less Amounts Not Available to Be Used within One Year, Due to:	
Donor-Imposed Restrictions:	
Funds Held with Purpose Restrictions	(182,790)
Board Designations:	
Board Designated Reserve	(69,472)
Board Designated Fund Functioning as an Endowment	(2,082,599)
<b>FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b>\$ 690,841</b>

**ANGEL FLIGHT WEST, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2019**

**NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (continued)**

AFW regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of AFW's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

AFW has Board designated net assets without donor restrictions that could be made available for current operations, if necessary.

The recent COVID-19 outbreak in the United States and world-wide subsequent to year end has caused business disruption which may negatively impact AFW's program services delivery and investment portfolio holdings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. It is therefore likely there will be an impact on AFW's operating activities and results. However, the related financial impact and duration cannot be reasonably estimated at this time.