

**HAITI AIR AMBULANCE SERVICE, INC.**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

# HAITI AIR AMBULANCE SERVICE, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
**Haiti Air Ambulance Service, Inc.**

We have audited the accompanying financial statements of Haiti Air Ambulance Service, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016 and the related statement of activities 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 Haiti Air Ambulance Service, Inc. as of December 31, 2016 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.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The schedule of functional expenses has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Marcum LLP*

Melville, NY  
November 10, 2017

# HAITI AIR AMBULANCE SERVICE, INC.

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

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### Assets

Cash	\$ 10,567,762
Prepaid expenses	36,111
Property and equipment, net	610,896
Security deposits	<u>450,000</u>

**Total Assets** \$ 11,664,769

### Liabilities and Net Assets

#### Liabilities

Accrued expenses	\$ 42,085
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**Unrestricted Net Assets** 11,622,684

**Total Liabilities and Net Assets** \$ 11,664,769

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

# HAITI AIR AMBULANCE SERVICE, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

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### Revenue

Contributions and donations	\$ 13,151,049
Patient transport	15,820
Membership dues	48,490
Other revenue	<u>220</u>

**Total Revenues** \$ 13,215,579

### Expenses

Program services	3,521,518
Management and general	20,909
Fundraising	<u>42,806</u>

**Total Expenses** 3,585,233

**Increase in Unrestricted Net Assets** 9,630,346

**Net Assets - Beginning** 1,992,338

**Net Assets - Ending** \$ 11,622,684

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

# HAITI AIR AMBULANCE SERVICE, INC.

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

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### Cash Flows From Operating Activities

Change in net assets	\$ 9,630,346
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	70,709
Changes in operating assets and liabilities:	
Prepaid expenses	162,597
Security deposits	(2,500)
Accrued expenses	<u>(17,828)</u>

Total Adjustments \$ 212,978

**Net Cash Provided By Operating Activities** 9,843,324

### Cash Flows From Investing Activities

Purchase of property and equipment (38,824)

**Net Increase in Cash** 9,804,500

**Cash - Beginning** 763,262

**Cash - Ending** \$ 10,567,762

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

# HAITI AIR AMBULANCE SERVICE, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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### NOTE 1 - ORGANIZATION AND PURPOSE

Haiti Air Ambulance Service, Inc. (the “Organization”) is a not-for-profit corporation under section 501(c)(3) of the United States Internal Revenue Code (the “Code”). The Organization was formed as a domestic not-for-profit corporation under the laws of the State of New York on June 14, 2013 and is registered in Haiti as an S.A. (“Societe Anonyme”)

The Organization’s team includes aviation professionals, skilled medical personnel and other supporters providing Helicopter Emergency Medical Services and Medical Evacuation programs to Haiti.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *BASIS OF PRESENTATION*

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

#### *USE OF ESTIMATES*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

#### *SUBSEQUENT EVENTS*

Management has evaluated for potential recognition and disclosure, events subsequent to the date of the statement of financial position through November 10, 2017, the date these financial statements were available to be issued.

#### *CASH AND CASH EQUIVALENTS*

The Organization considers all money market accounts and highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents. At December 31, 2016, the Organization did not have any cash equivalents.

# HAITI AIR AMBULANCE SERVICE, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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

#### *PROPERTY AND EQUIPMENT*

Property and equipment is stated at cost, net of accumulated depreciation. Depreciation of property and equipment is computed principally using the straight-line method over the estimated useful lives of the related asset.

Major improvements are capitalized, while replacements, maintenance and repairs that do not extend the lives of the assets are charged directly to expense as incurred.

Upon the disposition of property and equipment, the cost of the asset and the associated accumulated depreciation are eliminated from the related accounts and any resulting gain or loss is recognized as a component of the change in unrestricted net assets.

#### *IMPAIRMENT OF LONG LIVED ASSETS*

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. Such circumstances could include, but are not limited to (1) a significant decrease in the market value of an asset, (2) a significant adverse change in the extent or manner in which an asset is used, or (3) an accumulation of costs significantly in excess of the amount originally expected for the acquisition of an asset.

The Company measures the carrying amount of the asset against the estimated undiscounted future cash flows associated with it. Should the sum of the expected future net cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds its fair value. During the year ended December 31, 2016, the Company did not record any impairments of long-lived assets.

#### *REVENUES*

Contributions are recognized as revenues in the period received. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Patient transport revenue is recognized when patient transport takes place. Membership dues are recognized over the period that the membership services are provided. Donations are recognized as revenues in the period received.

# HAITI AIR AMBULANCE SERVICE, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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

#### *FUNCTIONAL EXPENSES*

Directly identifiable expenses are charged to their respective program, management and general functions or fundraising. Expenses related to more than one function, which are not directly identifiable with any one specific purpose but provide overall support and direction of the Organization, have been allocated on a pro rata basis to each function.

#### *INCOME TAXES*

The Organization received a favorable determination letter from the Internal Revenue Service dated August 13, 2014 and, therefore, is exempt from federal income tax under Section 501(c)(3) of the Code.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. The IRS determined the Organization is a public charity under the Code. The Organization is required to meet the public charity support test under the Code, which measures public support over a five-year period. Failure to meet the requirements of the public charity support test would result in the reclassification of the Organization to a private foundation. The reclassification would not affect the Organization's exemption from federal income taxes. However, as a private foundation, the Organization would become subject to IRS regulations governing those entities such as excise taxes, minimum distribution requirements and other federal taxes that may be imposed on private foundations.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of December 31, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it has not incurred any unrelated business income.

# HAITI AIR AMBULANCE SERVICE, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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

#### *CONCENTRATION OF CREDIT RISK*

At times, cash may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance Corporation insurance limits. At December 31, 2016, the Company's cash was held primarily at one financial institution. The Company has not experienced any losses in such accounts.

### NOTE 3 – PROPERTY AND EQUIPMENT

The Organization's property and equipment is summarized as follows at December 31, 2016:

	<u>Amount</u>
Buildings	\$486,097
Vehicles	153,413
Furniture and equipment	<u>174,732</u>
	814,242
Less: accumulated depreciation	<u>(203,346)</u>
<b>Total</b>	<b><u>\$610,896</u></b>

### NOTE 4 – COMMITMENTS

The Organization leases facilities for living space located in Haiti under operating leases expiring through October 2017, some of which have been renewed on a month-to-month basis. Noncancellable leases at December 31, 2016 required monthly payments totaling \$12,000. Rent expense was \$151,421 for the year ended December 31, 2016.

The Organization also entered into a helicopter service agreement (the "Agreement") beginning on March 1, 2014 and expiring February 28, 2019. The Agreement requires monthly aircraft service fees, which are subject to annual cost of living adjustments on each contract anniversary date using an index based upon the percentage change in the U.S. Consumer Price Index for All Urban Consumers (CPI-U). The total rate of change (percentage) to be applied to the aircraft service fees shall be no less than four percent (4%). Helicopter rent totaled \$1,970,014 for the year ended December 31, 2016.

# HAITI AIR AMBULANCE SERVICE, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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#### NOTE 4 – COMMITMENTS

Future minimum commitments for both living space and helicopter equipment as of December 31, 2016 are as follows:

For the Year Ended December 31,	Amount
2017	\$2,156,633
2018	2,146,178
2019	360,004

#### NOTE 5 – CONCENTRATIONS

The Organization received a majority of its support from the President of the Organization and a family member of the President. Collectively, their contributions totaled \$13,052,697 for the year ended December 31, 2016.

# HAITI AIR AMBULANCE SERVICE, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	Management and General	Fundraising	Total
Consultants	\$ 175,999	\$ --	\$ --	\$ 175,999
Advertising and promotion	--	--	42,806	42,806
Occupancy	151,421	--	--	151,421
Dues and subscriptions	--	1,251	--	1,251
Bank fees	--	2,901	--	2,901
Postage	--	107	--	107
Vehicle rent	39,598	--	--	39,598
Helicopter rent	1,970,014	--	--	1,970,014
Salaries and wages	493,928	--	--	493,928
Medical expenses	93,780	--	--	93,780
Supplies	14,218	--	--	14,218
Uniforms	295	--	--	295
Maintenance	7,580	--	--	7,580
Fuel and oil	172,656	--	--	172,656
Insurance	93,814	--	--	93,814
Depreciation	70,709	--	--	70,709
Telephone	27,387	--	--	27,387
Office expense	27,190	--	--	27,190
Travel	178,733	--	--	178,733
Foreign exchange loss	4,196	--	--	4,196
Other expenses	--	16,650	--	16,650
<b>Total</b>	<u>\$3,521,518</u>	<u>\$ 20,909</u>	<u>\$ 42,806</u>	<u>\$3,585,233</u>

*See independent auditors' report.*