



HAITI AIR AMBULANCE SERVICE, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

HAITI AIR AMBULANCE SERVICE, INC.

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AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Haiti Air Ambulance Service, Inc.
1 Terry Street
Suite 1
Patchogue , New York 11772

We have audited the accompanying financial statements of Haiti Air Ambulance Service, Inc. (hereinafter "Haiti Air") 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.

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 Haiti Air'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 Haiti Air'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 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.

Cerini & Associates LLP

April 13, 2020
Bohemia, New York

HAITI AIR AMBULANCE SERVICE, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Current Assets:

Cash and cash equivalents.....	\$ 865,974
Receivables.....	37,654
Prepaid expenses and other current assets.....	<u>115,089</u>

TOTAL CURRENT ASSETS 1,018,717

Cash reserved for capital expenditure.....	1,600,000
Security deposits.....	<u>50,000</u>

TOTAL ASSETS \$ 2,668,717

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses.....	<u>\$ 74,656</u>
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TOTAL CURRENT LIABILITIES 74,656

Net Assets:

Without donor restrictions.....	<u>2,594,061</u>
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TOTAL LIABILITIES AND NET ASSETS \$ 2,668,717

HAITI AIR AMBULANCE SERVICE, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES:			
Contributions and support.....	\$ 108,530	\$ -	\$ 108,530
Patient transport.....	42,875	-	42,875
Other income.....	1,560	-	1,560
Investment gain.....	13,270	-	13,270
Net assets released from restrictions.....	2,000,000	(2,000,000)	-
TOTAL SUPPORT AND REVENUES	2,166,235	(2,000,000)	166,235
EXPENSES:			
Program services.....	2,829,089	-	2,829,089
General and administrative.....	147,706	-	147,706
Fundraising.....	27,457	-	27,457
TOTAL EXPENSES	3,004,252	-	3,004,252
CHANGE IN NET ASSETS	(838,017)	(2,000,000)	(2,838,017)
Net assets, beginning of year, as restated.....	3,432,078	2,000,000	5,432,078
Net assets, end of year.....	\$ 2,594,061	\$ -	\$ 2,594,061

HAITI AIR AMBULANCE SERVICE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services	General and Administrative	Fund Raising	Total Expenses
Donation to Haitian Foundation.....	\$ 1,254,581	\$ -	\$ -	\$ 1,254,581
Helicopter rent.....	612,564	-	-	612,564
Salaries and fringes.....	675,141	44,127	14,709	733,977
Insurance and maintenance.....	141,842	12,453	-	154,295
Travel and meals.....	2,565	-	-	2,565
Consultants and professional services.....	92,479	75,880	2,570	170,929
Occupancy, supplies, and other expenses.....	49,916	15,247	10,178	75,341
Total.....	<u>\$ 2,829,089</u>	<u>\$ 147,706</u>	<u>\$ 27,457</u>	<u>\$ 3,004,252</u>

HAITI AIR AMBULANCE SERVICE, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets..... \$ (2,838,017)

Changes in operating assets and liabilities:

Receivables..... 2,044,513
Prepaid expenses and other current assets..... (54,096)
Security deposits..... 385,000
Accounts payable and accrued expenses..... (30,232)

NET CASH USED IN OPERATING ACTIVITIES (492,832)

CASH FLOWS FROM INVESTING ACTIVITIES:

Sales of investments..... 2,207,517

NET INCREASE IN CASH AND CASH EQUIVALENTS 1,714,685

Cash and cash equivalents, beginning of year..... 751,289

Cash and cash equivalents, end of year..... \$ 2,465,974

COMPONENTS OF CASH ON THE STATEMENT OF FINANCIAL POSITION:

Cash and cash equivalents..... \$ 865,974

Cash reserved for capital expenditure..... 1,600,000

TOTAL CASH \$ 2,465,974

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Haiti Air Ambulance Service, Inc. (hereinafter "Haiti Air") is presented to assist in understanding Haiti Air's financial statements. These financial statements and notes are representations of Haiti Air's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America ("GAAP") and have been consistently applied in the preparation of the financial statements.

Business Activity:

Haiti Air is a nonprofit business whose team includes aviation professionals, skilled medical personnel and other supporters providing helicopter emergency medical services and medical evacuation programs to Haiti.

During 2018, Haiti Air received a multi-year pledge of \$4,000,000 to be paid equally over two years. As such, the \$2,000,000 pledge installment received during 2019 fulfilled Haiti Air's budget requirements for the year and allowed Haiti Air to focus on operations rather than fundraising.

Income Taxes:

Haiti Air is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is publicly supported, as described in Section 509(a). Haiti Air is also exempt from state and local taxes. Haiti Air evaluated for uncertain tax positions and has determined that there were no uncertain tax positions for 2019.

Haiti Air files the IRS Form 990 and respective state and local tax returns. These returns are subject to review and examination by federal, state, and local taxing authorities. Haiti Air has determined that it has registered in all states where it is required to be registered.

Basis of Accounting:

The financial statements of Haiti Air are presented on the accrual basis of accounting in accordance with GAAP. Consequently, revenue is recognized when earned and expenses are recognized when the obligations are incurred.

Pledges and Other Receivables:

Receivables arise primarily from unconditional promises to give. Haiti Air uses the allowance method to reserve for uncollectible accounts. All amounts are considered fully collectible and all are due within one year.

Revenue Recognition:

Patient transport revenue is recognized when patient transport takes place. Haiti Air reports contributions and grants of cash and other assets available for general operations, as revenue and support without donor restrictions. Haiti Air reports contributions and grants of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated funds or assets to a particular purpose or to specific periods. Conditional promises to give are not included as support until such time as the conditions are substantially met. When a stipulated time restriction ends, or purpose restriction is met, net assets with donor restrictions are

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from donor restrictions.

During 2019, Haiti Air received donated legal and other services of \$100,462. These donated services are included in contributions and support on the accompanying statement of activities and in consultants and professional services on the accompanying statement of functional activities.

Recent Accounting Pronouncement:

During the year ended December 31, 2019, Haiti Air adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Haiti Air has adjusted the presentation of these statements accordingly.

On January 1, 2019, Haiti Air adopted ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, “ASC 606”), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. Haiti Air’s services that fall within the scope of ASC 606 are presented within patient transport revenue, and other income, and are recognized as revenue as Haiti Air satisfies its obligations to the customers. There was no impact on net assets attributable to the adoption of ASC 606.

Basis of Presentation:

Haiti Air is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations or other stipulations that may or will be met, either by action of Haiti Air and/or the passage of time. When a restriction expires, these net assets are reclassified annually to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Haiti Air had no net assets with donor restrictions as of December 31, 2019.

Cash and Cash Equivalents:

For purposes of the financial statements, Haiti Air considers all highly liquid investments (including money market accounts) with an initial maturity of three months or less to be cash equivalents.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses:

Functional expenses for shared costs have been allocated between program services and support services based on an analysis of personnel time, space utilized, and other equitable bases for the related activities. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Haiti Air. The allocation methodologies utilized for Haiti Air’s major expenses are as follows:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Payroll taxes and fringe benefits	Time and effort
Occupancy	Square footage utilized

Advertising Costs:

Advertising costs are expensed as incurred.

Receivables:

Receivables are based upon the amount management believes it will collect from outstanding balances. Haiti Air considers receivables past due or delinquent when payments have not been received in a timely manner. Receivables are written off when management deems the possibility of collecting amounts due as completely unlikely. At December 31, 2019 Haiti Air had no reserve for doubtful accounts.

Prepaid Expenses:

Insurance premiums are included in prepaid expenses for all items paid in advance.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Events Occurring After the Report Date:

Haiti Air has evaluated all subsequent events and transactions between January 1, 2020 and April 13, 2020, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 2 - CONCENTRATIONS OF RISK

Financial instruments that potentially subject Haiti Air to a concentration of credit risk are cash accounts with a major financial institution in excess of Federal Deposit Insurance Corporation (“FDIC”) insurance limits. However, management believes that credit risk related to these accounts is minimal.

HAITI AIR AMBULANCE SERVICE, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - LEASES

Haiti Air entered into a helicopter service agreement beginning on March 1, 2018 and expiring December 31, 2021. However, during 2019, this lease was terminated due to civil unrest in Haiti. As a result, Haiti Air's initial \$435,000 security deposit was used by the lessor as a credit against Haiti Air's outstanding balance.

During October 2018, Haiti Air entered into a lease agreement for housing for its Executive Director in Port Au Prince. The lease was to expire in September 2019 but was extended to September 30, 2020. The lease calls for monthly payments of \$4,500. Future minimum lease payments on this lease are \$40,500 for the year ending December 31, 2020.

NOTE 4 - AVAILABILITY AND LIQUIDITY

The following represents Haiti Air's financial assets at December 31, 2019:

Financial assets:	
Cash and cash equivalents.....	\$ 865,974
Receivables.....	<u>37,654</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 903,628</u>

As part of Haiti Air's liquidity management, Haiti Air has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due.

NOTE 5 - RELATED PARTIES

Historically, Haiti Air has received a majority of its support from a foundation related to its President and other members of his family.

Haiti Air is also related through shared officers to a foundation in Haiti (the Haitian Foundation) to which it provides funding and the use of helicopters to further its charitable mission. During the year ended December 31, 2019, Haiti Air contributed cash and paid certain expenses on behalf of the Haitian Foundation totaling \$1,254,581.

Subsequent to year end, Haiti Air entered into a lease with one of its board members for two apartments used as living quarters by Haiti Air staff. The lease agreements call for monthly rent of \$1,250 for each apartment beginning January 10, 2020 and ending January 9, 2021. Expenses pursuant to these leases will be expensed to donation to Haitian Foundation on a go forward basis.

NOTE 6 - RESTATEMENT OF NET ASSETS

During the year ended December 31, 2019, Haiti Air increased its net assets and decreased its accrued expenditures by \$3,961 as of December 31, 2018 to reflect certain expenditures that were incorrectly recorded in prior years.

*NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 7 - SUBSEQUENT EVENTS

During November 2019, Haiti Air entered into an agreement to purchase a helicopter for \$1,650,000; however, the helicopter was not delivered to Haiti Air until January 2020. Of the \$1,650,000 purchase price, \$50,000 was provided as a deposit to remove the aircraft from the market, with the remaining \$1,600,000 due upon completion of the sale. As a result, \$1,600,000 is shown as cash reserved for capital expenditure on the accompanying statement of financial position.