



Independent Auditor's Report and Financial Statements

June 30, 2024 and 2023

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Independent Auditor's Report

Board of Directors
Mercy Medical Angels
Virginia Beach, Virginia

Opinion

We have audited the financial statements of Mercy Medical Angels, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mercy Medical Angels as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Mercy Medical Angels and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mercy Medical Angels' ability to continue as a going concern for one year after the date of the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Mercy Medical Angels' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mercy Medical Angels' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Forvis Mazars, LLP

Norfolk, Virginia
September 10, 2024

Mercy Medical Angels
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash	\$ 1,346,609	\$ 1,226,850
Promises to give, net	52,629	30,387
Accounts receivable, net	44,970	64,543
Prepaid expenses	17,968	32,536
Total current assets	1,462,176	1,354,316
Noncurrent Assets		
Cash, management designated	151,852	151,700
Investments	1,038,023	966,618
Long-term promises to give, net	967,590	1,285,185
Property and equipment, net	15,320	17,545
Total noncurrent assets	2,172,785	2,421,048
Total assets	<u>\$ 3,634,961</u>	<u>\$ 3,775,364</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 142,921	\$ 127,138
Net Assets		
Without donor restrictions:	1,591,718	1,592,797
With donor restrictions	1,900,322	2,055,429
Total net assets	3,492,040	3,648,226
Total liabilities and net assets	<u>\$ 3,634,961</u>	<u>\$ 3,775,364</u>

Mercy Medical Angels
Statement of Activities
Year Ended June 30, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Contributions and Other Revenue			
Donations and grants	\$ 1,208,817	\$ 586,241	\$ 1,795,058
Contributed nonfinancial services	2,827,830	-	2,827,830
MOA partnership income	404,800	-	404,800
Reimbursed airline booking fees	44,929	-	44,929
Other income	31,001	-	31,001
Interest income, net of fees	24,675	9,551	34,226
Unrealized and realized gain on investments	22,257	29,575	51,832
Change in allowance of uncollectible promises to give	(5,039)	-	(5,039)
Total contributions and other revenue	4,559,270	625,367	5,184,637
Net Assets Released from Restrictions	780,474	(780,474)	-
Total contributions and revenue	5,339,744	(155,107)	5,184,637
Expenses			
Program			
Airline patient travel	2,674,155	-	2,674,155
Volunteer pilot patient travel	1,133,675	-	1,133,675
Ground patient travel	766,558	-	766,558
Total program services	4,574,388	-	4,574,388
Supporting Services			
Management and general	449,030	-	449,030
Fundraising	317,405	-	317,405
Total supporting services	766,435	-	766,435
Total expenses	5,340,823	-	5,340,823
Change in Net Assets	(1,079)	(155,107)	(156,186)
Net Assets, Beginning of Year	1,592,797	2,055,429	3,648,226
Net Assets, End of Year	\$ 1,591,718	\$ 1,900,322	\$ 3,492,040

Mercy Medical Angels
Statement of Activities
Year Ended June 30, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Contributions and Other Revenue			
Donations and grants	\$ 1,132,541	\$ 1,609,196	\$ 2,741,737
Contributed nonfinancial services	2,155,161	-	2,155,161
MOA partnership income	346,224	-	346,224
Reimbursed airline booking fees	26,276	-	26,276
Other income	19,750	-	19,750
Interest income, net of fees	9,550	7,164	16,714
Unrealized and realized gain (loss) on investments	7,191	(5,361)	1,830
Change in allowance of uncollectible promises to give	(1,623)	-	(1,623)
Total contributions and other revenue	3,695,070	1,610,999	5,306,069
Net Assets Released from Restrictions	779,545	(779,545)	-
Total contributions and revenue	4,474,615	831,454	5,306,069
Expenses			
Program			
Airline patient travel	2,041,259	-	2,041,259
Volunteer pilot patient travel	973,701	-	973,701
Ground patient travel	726,935	-	726,935
Total program services	3,741,895	-	3,741,895
Supporting Services			
Management and general	250,198	-	250,198
Fundraising	286,259	-	286,259
Total supporting services	536,457	-	536,457
Total expenses	4,278,352	-	4,278,352
Change in Net Assets	196,263	831,454	1,027,717
Net Assets, Beginning of Year	1,396,534	1,223,975	2,620,509
Net Assets, End of Year	\$ 1,592,797	\$ 2,055,429	\$ 3,648,226

Mercy Medical Angels
Statement of Functional Expenses
Year Ended June 30, 2024

	Airline Patient Travel	Volunteer Pilot Patient Travel	Ground Patient Travel	Total Programs Services	Management and General	Fundraising	Total Support Services	Total
Patient travel - contributed	\$ 1,666,582	\$ 940,572	\$ -	\$ 2,607,154	\$ -	\$ -	\$ -	\$ 2,607,154
Salaries	578,158	79,495	326,415	984,068	132,570	139,833	272,403	1,256,471
Patient travel	172,563	47,162	289,894	509,619	463	463	926	510,545
Lease cost	-	-	-	-	188,676	-	188,676	188,676
Internet expense	57,027	7,841	32,196	97,064	13,076	13,793	26,869	123,933
Special events	-	-	-	-	-	111,613	111,613	111,613
Consulting	48,545	6,675	27,408	82,628	11,131	11,741	22,872	105,500
Payroll taxes	40,154	5,521	22,670	68,345	9,207	9,712	18,919	87,264
Benefits	23,157	3,184	13,074	39,415	5,310	5,601	10,911	50,326
Conferences and training	14,127	7,508	10,786	32,421	4,067	7,759	11,826	44,247
Accounting	2,155	296	1,216	3,667	36,981	521	37,502	41,169
Promotional materials	3,727	24,353	3,727	31,807	294	294	588	32,395
Advertising and outreach	14,799	2,035	8,355	25,189	3,393	3,579	6,972	32,161
Licenses and fees	13,942	1,917	7,872	23,731	3,197	3,372	6,569	30,300
Insurance expense	9,301	1,279	5,251	15,831	2,133	2,250	4,383	20,214
Legal fees	-	-	-	-	20,000	-	20,000	20,000
Communications	8,924	1,227	5,038	15,189	2,046	2,158	4,204	19,393
Office supplies	6,732	907	3,725	11,364	1,513	1,596	3,109	14,473
Printing and reproduction	6,547	900	3,696	11,143	1,501	1,583	3,084	14,227
Technology - contributed	-	-	-	-	12,000	-	12,000	12,000
Miscellaneous expense	4,038	555	2,280	6,873	933	977	1,910	8,783
Postage and delivery	2,019	2,019	2,019	6,057	159	159	318	6,375
Depreciation	1,024	141	578	1,743	235	247	482	2,225
Office utilities	586	81	331	998	134	142	276	1,274
Repairs and maintenance	48	7	27	82	11	12	23	105
Total expenses	\$ 2,674,155	\$ 1,133,675	\$ 766,558	\$ 4,574,388	\$ 449,030	\$ 317,405	\$ 766,435	\$ 5,340,823

See Notes to Financial Statements

Mercy Medical Angels
Statement of Functional Expenses
Year Ended June 30, 2023

	Airline Patient Travel	Volunteer Pilot Patient Travel	Ground Patient Travel	Total Programs Services	Management and General	Fundraising	Total Support Services	Total
Patient travel - contributed	\$ 1,276,217	\$ 803,775	\$ -	\$ 2,079,992	\$ -	\$ -	\$ -	\$ 2,079,992
Salaries and wages	372,734	62,733	306,093	741,560	86,265	122,955	209,220	950,780
Patient travel	185,319	48,331	248,952	482,602	-	-	-	482,602
Consulting fees	48,793	8,212	40,069	97,074	11,294	16,095	27,389	124,463
Internet	43,137	7,260	35,425	85,822	9,984	14,230	24,214	110,036
Special events	-	-	-	-	-	92,234	92,234	92,234
Payroll taxes	27,414	4,614	22,513	54,541	6,345	9,043	15,388	69,929
Lease cost	-	-	-	-	53,258	-	53,258	53,258
Benefits	18,192	3,062	14,939	36,193	4,210	6,001	10,211	46,404
Conferences and training	14,030	6,593	12,431	33,054	4,304	8,851	13,155	46,209
Accounting	1,657	279	1,360	3,296	34,824	546	35,370	38,666
Promotional materials	4,070	19,140	4,071	27,281	321	321	642	27,923
Advertising and outreach	10,846	1,825	8,907	21,578	2,512	3,577	6,089	27,667
Licenses and fees	10,446	1,758	8,579	20,783	2,417	3,446	5,863	26,646
Communications	7,583	1,276	6,227	15,086	1,756	2,502	4,258	19,344
Insurance expense	7,166	1,206	5,885	14,257	1,659	2,364	4,023	18,280
Legal fees	-	-	-	-	16,138	-	16,138	16,138
Office expense	6,014	1,012	4,938	11,964	1,391	1,984	3,375	15,339
Technology - contributed	-	-	-	-	12,000	-	12,000	12,000
Miscellaneous expense	2,226	371	1,812	4,409	511	728	1,239	5,648
Postage and delivery	1,563	1,563	1,563	4,689	124	123	247	4,936
Printing and reproduction	1,752	295	1,438	3,485	405	578	983	4,468
Office utilities	1,122	189	921	2,232	260	370	630	2,862
Depreciation	872	147	716	1,735	202	288	490	2,225
Uniforms	51	51	51	153	5	5	10	163
Repairs and maintenance	55	9	45	109	13	18	31	140
Total expenses	\$ 2,041,259	\$ 973,701	\$ 726,935	\$ 3,741,895	\$ 250,198	\$ 286,259	\$ 536,457	\$ 4,278,352

Mercy Medical Angels
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (156,186)	\$ 1,027,717
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	2,225	2,225
Realized and unrealized gain on investments	(51,832)	(1,830)
Change in allowance of uncollectible promises to give	5,039	1,830
Contributions restricted for long-term investment	1,500	(101,500)
Change in:		
Promises to give, net	290,314	(730,996)
Accounts receivable	19,573	1,219
Prepaid expenses	14,568	(21,308)
Accounts payable and accrued expenses	15,783	(14,026)
Net cash provided by operating activities	<u>140,984</u>	<u>163,331</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	877,212	176,319
Purchases of investments	<u>(896,785)</u>	<u>(721,373)</u>
Net cash used in investing activities	<u>(19,573)</u>	<u>(545,054)</u>
Cash Flows from Financing Activities		
Proceeds from contributions restricted for investment as endowment	<u>(1,500)</u>	<u>101,500</u>
Net change in cash	119,911	(280,223)
Cash, Beginning of Year	<u>1,378,550</u>	<u>1,658,773</u>
Cash, End of Year	<u><u>\$ 1,498,461</u></u>	<u><u>\$ 1,378,550</u></u>
Reconciliation of Cash Reported on the Statements of Financial Position		
Cash, current	\$ 1,346,609	\$ 1,226,850
Cash, management designated	<u>151,852</u>	<u>151,700</u>
	<u><u>\$ 1,498,461</u></u>	<u><u>\$ 1,378,550</u></u>

Note 1. Organization and Nature of Activities

Mercy Medical Angels (the “Organization”) is an independent not-for-profit 501(c)(3) organization incorporated in 1984 in the Commonwealth of Virginia. The Organization provides a wide range of services related to the field of charitable medical transportation in the United States.

The major programs of the Organization are as follows:

Airline Patient Travel Program – When patient travel exceeds 750 miles or there are reasons a patient cannot fly on light aircraft, the Organization coordinates travel with a major airline. The Organization has partnerships with select major airlines in the United States.

Volunteer Pilot Patient Travel Program – Volunteer pilots provide flights for ambulatory outpatients traveling less than 750 miles departing from District of Columbia, Delaware, Kentucky, Maryland, Michigan, North Carolina, Ohio, Pennsylvania, Virginia, Tennessee, and West Virginia.

Ground Patient Travel Program – This program provides non-emergency, long distance ground transportation to financially stressed ambulatory patients who are traveling for treatment. A typical trip does not exceed 300 miles (one way).

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

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 (“GAAP”). In accordance with this method of accounting, revenue is recognized in the period in which it is earned and expenses are recognized in the period in which they are incurred.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The classes of net assets are described as follows:

Net assets without donor restrictions result from receiving unrestricted contributions, MOA partnership income, reimbursed airline booking fees, interest income, and income from contributed nonfinancial services. Net assets without donor restrictions are available for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

Net assets with donor restrictions represents all contributions or unconditional promises to give, which are restricted by the donor as to purpose or are inherently time restricted (i.e. noncurrent unconditional promises to give without donor restrictions), and endowed revenue and contributions received where the corpus cannot be spent. Conditional promises to give are recognized as revenue when such conditions are met. When a donor or time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as restricted funds utilized. Investment earnings on endowed corpus, unless otherwise requested by donor, are recognized in net assets with donor restrictions and are used to fund the donor-designated programs, which generally relate to the programs and activities of the Organization.

Adoption of New Accounting Principle

Effective July 1, 2023, the Organization adopted ASU 2016-13, Financial Instrument – Credit Losses (*“Topic 326”*), *Measurement of Credit Losses on Financial Instruments* related to the impairment of financial instruments. This guidance, commonly referred to as Current Expected Credit Loss (*“CECL”*), changes impairment recognition to a model that is based on expected losses rather than incurred losses. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable. There was no material impact on the financial statements upon adoption of the guidance on July 1, 2023.

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an original maturity of three months or less when purchased to be cash and cash equivalents.

Investments

Investments include various equity and fixed income investments which are stated at fair market value. The gains and losses on investments have been recognized in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations.

Accounts Receivable, Net

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of existing economic conditions adjusted for current conditions and reasonable and supportable forecasts, management provides for probable uncollectible accounts through a provision for uncollectible expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts.

Promises to Give, Net

Promises to give are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of collection history, management provides for probable uncollectible promises to give through a provision for uncollectible expense and an adjustment to a valuation allowance based on its assessment of the current status of individual promises to give.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist of interest-bearing transaction accounts. The Organization places its interest-bearing transaction accounts with high credit quality financial institutions, which are insured by the Federal Deposit Insurance Corporation (*“FDIC”*). As of June 30, 2024 and 2023, the Organization has not experienced any losses due to amounts held in excess of FDIC limits. These accounts may at times exceed the federally insured limits.

Property and Equipment

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at their fair market value on the date of the gift. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of activities. The Organization's policy is to capitalize property and equipment purchased with a cost of \$1,000 or greater. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which ranges from four to ten years.

Lease Costs

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use ("ROU") assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date. The Organization has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term. The Organization has no leases that require recognition of a ROU asset or lease liability.

Contributed Assets and Services

Contributions of donated nonfinancial assets and services are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and the statutes of the Commonwealth of Virginia; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

Advertising Costs

The Organization expenses advertising costs as they are incurred. As of June 30, 2024 and 2023, advertising expense was \$32,161 and \$27,667, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries, benefits, payroll taxes, internet, communication, consulting, accounting, licenses and fees, depreciation, printing, and various other miscellaneous expenses are allocated based upon estimates of employee time.

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.

Mercy Medical Angels
Notes to Financial Statements
June 30, 2024 and 2023

Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 financial statement presentation. These reclassifications had no effect on the changes in net assets.

Subsequent Events

Management evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through September 10, 2024, the date on which the financial statements were available to be issued.

Note 3. Liquidity and Availability

Assets available for use within one year consist of:

	<u>2024</u>	<u>2023</u>
Cash	\$ 1,346,609	\$ 1,226,850
Accounts receivable, net	44,970	64,543
Promises to give, net	1,020,219	1,315,572
Cash, management designated	151,852	151,700
Investments	1,038,023	966,618
Less, amounts restricted	(1,900,322)	(2,055,429)
Less, management designated, operating funds	<u>(151,852)</u>	<u>(151,700)</u>
	<u>\$ 1,549,499</u>	<u>\$ 1,518,154</u>

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses. These funds have been set aside in a separate cash or investment account and designated as management committed, operating funds.

Note 4. Revenue from Exchange Transactions

The Organization has memorandums of agreement ("MOA") with partners whereby the Organization is reimbursed a portion of the fees associated with patient transport on an individual basis. The reimbursement is received after the fees have been incurred and paid by the Organization. MOA partnership income is recognized at a point in time when the patient transportation to the MOA partner is complete.

Exchange transactions by type are as follows:

	<u>2024</u>	<u>2023</u>
MOA partnership income recognized at a point in time	<u>\$ 404,800</u>	<u>\$ 346,224</u>

Note 5. Promises to Give

The following details the timing of expected receipts on unconditional promises to give at June 30:

	<u>2024</u>	<u>2023</u>
Pledges receivable due in less than one year	\$ 68,264	\$ 46,022
Pledges receivable due in one to five years	<u>1,012,500</u>	<u>1,350,000</u>
	1,080,764	1,396,022
Allowance for uncollectible unconditional Promises to give	(15,635)	(15,635)
Time value discount	<u>(44,910)</u>	<u>(64,815)</u>
Unconditional promises to give, net	<u>\$ 1,020,219</u>	<u>\$ 1,315,572</u>

Reconciliation of promises to give to the statements of financial position:

	<u>2024</u>	<u>2023</u>
Current promises to give, net	\$ 52,629	\$ 30,387
Long-term, promises to give, net	<u>967,590</u>	<u>1,285,185</u>
Unconditional promises to give, net	<u>\$ 1,020,219</u>	<u>\$ 1,315,572</u>

Time value discounts are reflected at the present value of estimated future cash flows using discount rates of 3%.

Conditional Contributions

The Organization received conditional grant agreements with airlines to be used for transportation purposes as follows during 2024:

American Airlines: Donated 30,000,000 AAdvantage miles with 3,243,894 carryover miles from previous years. The Organization used 21,987,500 miles for the year ended June 30, 2024, with a remaining balance of 11,256,394 miles that can be used into fiscal year 2025. The value of the remaining miles cannot be determined, as the value is based on the cost of flights at the time of booking the flight.

Southwest Airlines: Donated 1,100 e-passes valued at \$220,000. The Organization used 962 e-passes, valued at \$192,400 for the year ended June 30, 2024, with a remaining balance of 138 e-passes, valued at \$27,600 that can be used through September 1, 2024.

Note 6. Investments

Cost and fair value of investment securities are as follows:

June 30, 2024			
	Cost	Unrealized Gain (Loss)	Fair Value
Equities			
Large cap	\$ 344,296	\$ 25,843	\$ 370,139
Mid cap	103,726	10,679	114,405
Small cap	131,341	(7,203)	124,138
International	54,174	7,082	61,256
Emerging markets	15,033	852	15,885
Allocation	167,013	(16,007)	151,006
Fixed Income			
Taxable bonds short-term	191,461	814	192,275
Taxable bonds intermediate-term	8,869	50	8,919
	<u>\$ 1,015,913</u>	<u>\$ 22,110</u>	<u>\$ 1,038,023</u>
June 30, 2023			
	Cost	Unrealized Gain (Loss)	Fair Value
Equities			
Large cap	\$ 381,456	\$ (16,990)	\$ 364,466
Mid cap	96,544	2,863	99,407
Small cap	28,627	(1,974)	26,653
International	66,675	6,993	73,668
Emerging markets	5,376	34	5,410
Allocation	320,248	(44,615)	275,633
Fixed Income			
Taxable bonds short-term	85,601	(49)	85,552
Taxable bonds intermediate-term	36,823	(994)	35,829
	<u>\$ 1,021,350</u>	<u>\$ (54,732)</u>	<u>\$ 966,618</u>

Note 7. Fair Value Measurement

Fair value as defined under GAAP is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

These tiers include:

Level 1 Observable inputs such as quoted prices in active markets.

Equity and fixed income investments: Valued at the closing price reported on the active market on which the individual securities are traded.

Level 2 Inputs other than quoted prices in active markets that are either directly or indirectly observable.

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Level 3 Unobservable inputs about which little or no market data exists; therefore, requiring an entity to develop its own assumptions.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level within the fair value hierarchy Organization's assets accounted for at fair value on a recurring basis:

Fair Value as of June 30, 2024				
	Level 1	Level 2	Level 3	Total
Equities:				
Large cap	\$ 370,139	\$ -	\$ -	\$ 370,139
Mid cap	114,405	-	-	114,405
Small cap	124,138	-	-	124,138
International	61,256	-	-	61,256
Emerging markets	15,885	-	-	15,885
Allocation	151,006	-	-	151,006
Fixed income:				
Taxable bonds short-term	192,275	-	-	192,275
Taxable bonds intermediate-term	8,919	-	-	8,919
	<u>\$ 1,038,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,038,023</u>

Fair Value as of June 30, 2023				
	Level 1	Level 2	Level 3	Total
Equities:				
Large cap	\$ 364,466	\$ -	\$ -	\$ 364,466
Mid cap	99,407	-	-	99,407
Small cap	26,653	-	-	26,653
International	73,668	-	-	73,668
Emerging markets	5,410	-	-	5,410
Allocation	275,633	-	-	275,633
Fixed income:				
Taxable bonds short-term	85,552	-	-	85,552
Taxable bonds intermediate-term	35,829	-	-	35,829
	<u>\$ 966,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 966,618</u>

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Note 8. Property and Equipment

Major classes of property and equipment consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 56,302	\$ 56,302
Information system	<u>1,188,496</u>	<u>1,188,496</u>
	1,244,798	1,244,798
Accumulated depreciation	<u>(1,229,478)</u>	<u>(1,227,253)</u>
Property and equipment, net	<u>\$ 15,320</u>	<u>\$ 17,545</u>

Note 9. Net Assets with Donor Restrictions

Net assets with donor restrictions of the Organization consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Long-term promises to give, net – Endowment	\$ 967,590	\$ 1,285,185
Endowment	860,106	504,803
Promises to give, net - time restricted	38,629	83,931
Program services	<u>33,997</u>	<u>181,510</u>
	<u>\$ 1,900,322</u>	<u>\$ 2,055,429</u>

Note 10. Contributed Nonfinancial Services

For the year ended June 30, 2024, contributed nonfinancial assets and services recognized within revenue in the statements of activities included:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donated airfare	\$ 1,666,582	\$ -	\$ 1,666,582
Volunteer pilot	940,572	-	940,572
Office lease	188,676	-	188,676
Legal services	20,000	-	20,000
Technology services	<u>12,000</u>	<u>-</u>	<u>12,000</u>
	<u>\$ 2,827,830</u>	<u>\$ -</u>	<u>\$ 2,827,830</u>

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For the year ended June 30, 2023, contributed nonfinancial assets and services recognized within revenue in the statements of activities included:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donated airfare	\$ 1,276,217	\$ -	\$ 1,276,217
Volunteer pilot	803,775	-	803,775
Office lease	47,169	-	47,169
Legal services	16,000	-	16,000
Technology services	<u>12,000</u>	<u>-</u>	<u>12,000</u>
	<u>\$ 2,155,161</u>	<u>\$ -</u>	<u>\$ 2,155,161</u>

Contributed items were utilized in the following functions:

<u>Contributed Items</u>	<u>Program and Function</u>
Donated airfare	Airline patient travel
Volunteer pilot	Volunteer pilot patient travel
Office lease	Management and general
Legal services	Management and general
Technology services	Management and general

The following basis was used for valuing contributed items:

<u>Contributed Items</u>	<u>Valuation Basis</u>
Donated airfare	The Organization maintains an account of air miles which have no face value. Once air travel is booked, the Organization will apply the needed air miles from their account to the air travel ticket. The contributed nonfinancial service value of the air miles used for travel will be equal to the face value of the air travel ticket and will be recorded as revenue by the Organization only when the air travel is booked.
Volunteer pilots	Pilot volunteer hours are tracked using an integrated third-party system titled "Conklin and DeDecker" which calculates the contributed nonfinancial service based on the most up to date data and aircraft operating cost.
Office lease	Square footage of donated space multiplied by the going per square foot rate for similar space and re-evaluated annually.
Legal and technology services	Services are tracked throughout the year by either hours or direct communication with individual or business donating services. These services decrease the actual expenses incurred.

Note 11. Endowments

The management of donor-restricted and quasi endowment funds is governed by state law under the Uniform Prudent Management of Institutional Funds ("UPMIFA") law as adopted by the state legislature. Virginia's version of UPMIFA was enacted during 2019. The Board of Directors of the Organization have interpreted the relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Additionally, in accordance with state UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization

The Organization's endowment consists of approximately 5 individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America ("GAAP"), net assets associated with endowment funds, including quasi endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

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The composition of net assets by type of endowment fund at June 30, 2024, was:

	2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment	\$ -	\$ 1,809,590	\$ 1,809,590
Program restricted, net endowed earnings	-	18,106	18,106
	<u>\$ -</u>	<u>\$ 1,827,696</u>	<u>\$ 1,827,696</u>

Changes in endowment net assets for the fiscal year ended June 30, 2024 was:

	2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 1,789,988	\$ 1,789,988
Investment return, net	-	39,125	39,125
Contributions	-	1,500	1,500
Distributions	-	(22,822)	(22,822)
Change in pledge discount	-	19,905	19,905
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,827,696</u>	<u>\$ 1,827,696</u>

At June 30, 2023, the endowment net asset compositions by type of fund consisted of the following:

	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total 2023</u>
Endowment	\$ -	\$ 1,788,185	\$ 1,788,185
Program restricted, net endowed earnings	-	1,803	1,803
	<u>\$ -</u>	<u>\$ 1,789,988</u>	<u>\$ 1,789,988</u>

Changes in endowment net assets for the fiscal year ended June 30, 2023 was:

	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 815,931	\$ 815,931
Investment return, net	-	1,803	1,803
Contributions	-	101,500	101,500
Promises to give, net	-	900,000	900,000
Change in discount	-	(29,246)	(29,246)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,789,988</u>	<u>\$ 1,789,988</u>

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The Organization has adopted investment and spending policies of endowment assets to support the mission and operations of the Organization over the long-term and to support the Organization's programs and activities. These policies establish the requirements for the Organization's accounting and administration of endowment funds, including spending policy. This policy describes the Organization's interpretation of relevant accounting standards and applicability to the organization. The Organization's staff and board should refer to the Gift Acceptance Policy before accepting any endowment to ensure that it meets all applicable requirements.

- As a tax-exempt organization as described in section 501(c)(3) of the Internal Revenue Code, this status should be taken into consideration when making investment decisions.
- This approach will embrace both restricted and unrestricted funds. Restricted funds are defined as those having specific annotations (i.e. Veteran only, Canine only, Children only, etc.).
- Unrestricted funds are defined as those to be used in general day to day operations across the primary modes of transportation and which have no specific earmarks.
- Transactions shall be executed at reasonable cost, taking into consideration prevailing market conditions. Investment expenses shall be minimized to the extent practicable, consistent with investment objectives.

Endowment assets include those assets of donor-restricted endowment funds the Organization must hold in perpetuity or for donor-specified periods, as well as those of quasi endowment funds that are not required to be held in perpetuity and can be accessed as management of the Organization determines. The Organization's other fund balances are invested along with donor-restricted endowments and quasi-endowments in the investment pool until the funds are needed for operations or capital requirements of the Organization. These funds are not subject to the endowment spending policy. Instead, they are managed via the operating budget or capital budget approval process. Donor-restricted and quasi endowment funds can be created to support charitable transportation services for low-income:

1. Veterans or their family members
2. Children
3. Cancer patients
4. Canines
5. Individuals – all patients
and their caregivers to and from their critical medical treatment.

Transportation services shall be provided by:

1. Ground with gas cards, bus or train tickets, or any other means
2. Air with commercial airline tickets
3. Air with flights by volunteer pilots

Under the Organization's policies and to satisfy its long-term performance objectives, as further described in the Investment and Endowment Policies, the Organization relies on a total return strategy in which investment returns are achieved through both current yield (interest and dividends) and capital appreciation (realized and unrealized).

The Endowment Spending policy determines the annual flow of funds from the endowment to mission support via the operating budget. It endeavors to adhere to the standard of prudence prescribed by UPMIFA; provide a predictable stream of operational funding to programs supported by endowments; and seek to maintain the purchasing power of endowed assets. Therefore, it is intended that the long-term average annual spending shall not exceed the expected long-term inflation-adjusted total return of the endowment assets.

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Donor-restricted endowments are intended to be maintained in perpetuity, with capacity for unrestricted spending derived from investment proceeds. Since a gift must be invested over time to produce spendable earnings, spending from newly established endowments will not occur immediately. Quasi endowment funds are not required to be held in perpetuity and a portion or all of the fund can be spent at the discretion of management of the Organization.

The Organization calculates its payout distributions once each year. Achievement of all restrictive stipulations to which a gift is subject (e.g. minimum dollar threshold or donor-imposed requirement) prior to the calculation date shall render the endowment eligible to participate in allocation of payout. If all such restrictive stipulations are first satisfied at any time following the annual calculation, the endowment will be eligible for payout in the next annual calculation.

Each year, the Organization will appropriate for distribution five percent (5%) of each endowment fund's average market value over the prior twelve (12) quarters, six months in arrears, to support mission activities in accordance with donor intent.

Note 12. Related Parties

As a member of Air Charity Network, the Organization works cooperatively with the other members to provide charitable transportation to medical care across the United States. The Organization maintains the corporate records and financial records for Air Charity Network. The Organization also provides additional administrative and fundraising support at no cost to the affiliated not-for-profit 501(c)(3) organizations that provide services similar to that of the Organization in accordance with an annual board-level management agreement. The members of Air Charity Network pay a fee of \$500 per organization.

For the years ended June 30, 2024 and 2023, the fees from related parties for accounting services totaled \$6,000.

Note 13. Lease Costs

The Organization leased office equipment including a copier and postage machine that expired in 2023 and were not renewed. Equipment lease cost included in office supplies was \$3,612 for 2023. There was no equipment lease cost in 2024.

The Organization also incurred other short term lease costs and received contributed office space (Note 10). Total lease cost was \$188,676 and \$53,258 for 2024 and 2023, respectively.

Note 14. Other Commitments

The Organization entered into various memorandums of understanding with other various companies to provide transportation in exchange for a fee of 50% of the ticket cost per passenger processed. If the Organization exceeds \$75,000 in donation transportation cost, the Organization's fee will be 75% of the ticket cost. A premium fee of \$100 will be charged in addition to the coordination fee for trips traveling to or from AK, HI, US Virgin Islands, and Puerto Rico. The MOAs will continue to automatically renew unless terminated by either party. These fees are included as MOA partnership income in the statements of activities.

Note 15. Retirement Plan

The Organization sponsors a Simple IRA ("Plan"). To be eligible for coverage under the Plan, an employee must have completed 90 days of service. The Organization makes matching contributions up to 3% of each participant's elective deferral contribution. The contributions to the Plan for 2024 and 2023 were \$10,530 and \$8,979, respectively.