

ANGEL FLIGHT WEST, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

ANGEL FLIGHT WEST, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

CONTENTS

	Page
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



WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

**AUDIT
AND
ASSURANCE**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Angel Flight West, Inc.

Report on the Audit of the Financial Statements

We have audited the financial statements of Angel Flight West, Inc., which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 Angel Flight West, Inc. as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit 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 Angel Flight West, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 these 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 Angel Flight West, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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.

To the Board of Directors
Angel Flight West, Inc.

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 Angel Flights West, Inc.'s 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 Angel Flights West, Inc.'s 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.

Report on Summarized Comparative Information

We have previously audited Angel Flight West, Inc.'s December 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Green Hasson & Janks LLP

May 13, 2022
Los Angeles, California

ANGEL FLIGHT WEST, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2021

With Summarized Totals at December 31, 2020

ASSETS	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Cash and Cash Equivalents	\$ 259,369	\$ 619,318	\$ 878,687	\$ 1,424,853
Investments	3,587,820	-	3,587,820	2,361,774
Contributions Receivable	94,863	412,500	507,363	143,755
Bequest Receivable	-	-	-	309,750
Prepaid Expenses	48,999	-	48,999	35,896
Other Asset	22,500	-	22,500	-
Property and Equipment (Net)	114,819	-	114,819	52,754
TOTAL ASSETS	\$ 4,128,370	\$ 1,031,818	\$ 5,160,188	\$ 4,328,782
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts Payable	\$ 33,657	\$ -	\$ 33,657	\$ 18,674
Accrued Expenses	85,739	-	85,739	86,528
Deferred Income	80,000	-	80,000	-
Paycheck Protection Program Loan	-	-	-	150,848
TOTAL LIABILITIES	199,396	-	199,396	256,050
NET ASSETS:				
Without Donor Restrictions	3,928,974	-	3,928,974	2,973,912
With Donor Restrictions	-	1,031,818	1,031,818	1,098,820
TOTAL NET ASSETS	3,928,974	1,031,818	4,960,792	4,072,732
TOTAL LIABILITIES AND NET ASSETS	\$ 4,128,370	\$ 1,031,818	\$ 5,160,188	\$ 4,328,782

The Accompanying Notes are an Integral Part of These Financial Statements

ANGEL FLIGHT WEST, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

With Summarized Totals for the Year Ended December 31, 2020

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE, SUPPORT AND OTHER INCOME:				
Donated Private Aircraft Services	\$ 6,508,154	\$ -	\$ 6,508,154	\$ 5,553,592
Grants	125,000	278,100	403,100	1,295,500
Contributions	787,472	514,281	1,301,753	1,068,244
Donated Commercial Airline Services	428,898	-	428,898	398,127
Special Events (Net of Benefit to Donor Costs of \$91,613)	489,577	-	489,577	77,639
Donated Pilot Services	387,116	-	387,116	308,808
Investment Return (Net)	243,106	-	243,106	198,879
Paycheck Protection Program Loan Forgiveness	150,848	-	150,848	-
Other Income	-	-	-	26,371
Other Donated Professional Services and Assets	25,300	-	25,300	9,950
Bequests	50,000	-	50,000	9,173
Net Assets Released from Donor Restrictions	859,383	(859,383)	-	-
TOTAL REVENUE, SUPPORT AND OTHER INCOME	10,054,854	(67,002)	9,987,852	8,946,283
OPERATING EXPENSES:				
Program Services	8,331,011	-	8,331,011	7,206,578
Management and General	188,325	-	188,325	189,678
Fundraising	580,456	-	580,456	563,840
TOTAL OPERATING EXPENSES	9,099,792	-	9,099,792	7,960,096
CHANGE IN NET ASSETS	955,062	(67,002)	888,060	986,187
Net Assets - Beginning of Year	2,973,912	1,098,820	4,072,732	3,086,545
NET ASSETS - END OF YEAR	<u>\$ 3,928,974</u>	<u>\$ 1,031,818</u>	<u>\$ 4,960,792</u>	<u>\$ 4,072,732</u>

The Accompanying Notes are an Integral Part of These Financial Statements

ANGEL FLIGHT WEST, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

With Summarized Totals for the Year Ended December 31, 2020

	2021								2020 Total
	Program Services				Total	Support Services			
	Mission Operations	Outreach Services	Pilot Services	Other Programs		Management and General	Fundraising	Total	
Salaries	\$ 213,482	\$ 189,883	\$ 76,100	\$ 54,499	\$ 533,964	\$ 38,674	\$ 269,365	\$ 842,003	\$ 809,902
Employee Benefits	28,725	25,549	10,239	7,333	71,846	5,204	36,244	113,294	107,218
Payroll Taxes	17,537	15,599	6,251	4,477	43,864	3,177	22,128	69,169	63,265
TOTAL PERSONNEL COSTS	259,744	231,031	92,590	66,309	649,674	47,055	327,737	1,024,466	980,385
Bank Charges	-	-	-	-	-	26,484	-	26,484	20,127
Conferences and Meetings	332	2,004	1,211	112	3,659	42	3,403	7,104	15,879
Depreciation	10,521	9,358	3,750	2,686	26,315	1,906	13,275	41,496	44,932
Donated Commercial Airline Services	428,898	-	-	-	428,898	-	-	428,898	398,127
Donated Pilot Services	387,116	-	-	-	387,116	-	-	387,116	308,808
Donated Private Aircraft Services	6,508,154	-	-	-	6,508,154	-	-	6,508,154	5,553,592
Fundraising Event Expenses	-	-	-	-	-	-	111,007	111,007	86,832
Grant Writing Expense	-	-	-	-	-	-	29,525	29,525	39,200
Grants to Organizations	-	-	11,039	-	11,039	-	-	11,039	-
Insurance	15,968	1,625	651	466	18,710	331	2,305	21,346	19,712
Miscellaneous	2,165	1,125	508	311	4,109	4,688	7,627	16,424	9,501
Occupancy	9,596	8,535	3,421	2,450	24,002	1,738	12,108	37,848	87,629
Office Supplies	4,190	7,048	11,414	1,031	23,683	731	5,327	29,741	20,017
Postage and Printing	1,243	1,951	443	317	3,954	225	27,000	31,179	36,452
Professional Services	68,310	45,541	11,324	23,247	148,422	104,338	29,954	282,714	241,755
Program Expenses	65,737	34	-	-	65,771	-	-	65,771	52,502
Telephone and Internet	8,033	4,662	1,443	994	15,132	705	10,594	26,431	32,601
Travel and Lodging	177	11,473	679	44	12,373	82	594	13,049	12,045
TOTAL FUNCTIONAL EXPENSES 2021	\$ 7,770,184	\$ 324,387	\$ 138,473	\$ 97,967	\$ 8,331,011	\$ 188,325	\$ 580,456	\$ 9,099,792	
					92%	2%	6%	100%	
TOTAL FUNCTIONAL EXPENSES 2020	\$ 6,700,262	\$ 292,324	\$ 116,827	\$ 97,165	\$ 7,206,578	\$ 189,678	\$ 563,840		7,960,096
					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, 2021

With Summarized Totals for the Year Ended December 31, 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 888,060	\$ 986,187
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	41,496	44,932
Stock Donations Received	(63,034)	(29,292)
Donated Other Asset	(22,500)	-
Realized and Unrealized Gain on Investments	(145,425)	(139,709)
Paycheck Protection Program Loan Forgiveness	(150,848)	-
(Increase) Decrease in:		
Contributions Receivable	(363,608)	(106,991)
Bequest Receivable	309,750	(9,173)
Prepaid Expenses	(13,103)	57,024
Increase (Decrease) in:		
Accounts Payable	14,983	1,457
Accrued Expenses	(789)	10,390
Deferred Income	80,000	(7,000)
	<u>574,982</u>	<u>807,825</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	574,982	807,825
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sale of Investments	2,046,274	2,657,307
Purchase of Investments	(2,981,398)	(2,719,037)
Reinvested Interest and Dividends	(82,463)	(48,444)
Purchase of Property and Equipment	(103,561)	(29,408)
	<u>(1,121,148)</u>	<u>(139,582)</u>
NET CASH USED IN INVESTING ACTIVITIES	(1,121,148)	(139,582)
CASH FLOWS FROM FINANCING ACTIVITY:		
Proceeds from Paycheck Protection Program Loan	<u>-</u>	<u>150,848</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(546,166)	819,091
Cash and Cash Equivalents - Beginning of Year	<u>1,424,853</u>	<u>605,762</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 878,687</u>	<u>\$ 1,424,853</u>

The Accompanying Notes are an Integral Part of These Financial Statements

ANGEL FLIGHT WEST, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2021

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, 2021, AFW's network of 2,942 members, including 1,602 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 2021, AFW arranged 6,501 flights and flew 4,164 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 8.

ANGEL FLIGHT WEST, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) NET ASSETS (continued)

- **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 9.

(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, 2021.

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. Securities are generally held in custodial investment accounts administered by financial institutions. Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in the statement of activities and represent the change in the difference between the cost and fair value of investments held at the end of the fiscal year.

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.

ANGEL FLIGHT WEST, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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. Funds received in advance of conditions being met are reflected as deferred revenue in the statement of financial position. AFW was in receipt of a conditional promise to give of \$153,500 at December 31, 2021.

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.

AFW evaluated the collectability of contributions receivable at December 31, 2021, and no allowance for uncollectible contributions receivable was considered necessary.

Contributions receivable at December 31, 2021 are expected to be collected as follows: within one year: \$207,363 and within two to four years: \$300,000.

(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.

(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.

ANGEL FLIGHT WEST, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, 2021.

(i) PAYCHECK PROTECTION PROGRAM LOAN

AFW elected to account for the forgivable loan received under the Paycheck Protection Program (PPP) provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act as a debt instrument and to accrue interest on the outstanding loan balance. Additional interest at a market rate (due to the stated interest rate of the PPP loan being below market) is not imputed, as transactions where interest rates are prescribed by governmental agencies are excluded from the scope of the accounting guidance on imputing interest. The proceeds from the loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven or AFW has been legally released or (2) AFW repays the loan to the lender.

(j) 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, 2021, AFW recorded \$6,508,154 for donated private aircraft services and \$387,116 for donated pilot services on private aircraft. In addition, AFW received \$428,898 in donated commercial airline services and \$25,300 in various in-kind donations.

ANGEL FLIGHT WEST, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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, 2021, 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.

(l) 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.

(m) 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.

(n) 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, 2020 from which the summarized information was derived.

ANGEL FLIGHT WEST, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) NEW ACCOUNTING PRONOUNCEMENTS

In September 2020, FASB issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. For AFW, the ASU will be effective for the year ending December 31, 2022.

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 provide additional information about the amounts recorded in the financial statements. For AFW, the ASU will be effective for the year ending December 31, 2022.

(p) SUBSEQUENT EVENTS

AFW has evaluated events and transactions occurring subsequent to the statement of financial position date of December 31, 2021 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through May 13, 2022, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

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.

ANGEL FLIGHT WEST, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 3 - INVESTMENTS (continued)

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, 2021 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended December 31, 2021	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)
INVESTMENTS:				
Equity Mutual Funds	\$ 1,781,597	\$ 1,781,597	\$ -	\$ -
Fixed Income Mutual Funds	466,418	466,418	-	-
Alternative Strategy Mutual Funds	339,236	339,236		
Cash Alternatives	1,000,569	1,000,569	-	-
TOTAL INVESTMENTS	\$ 3,587,820	\$ 3,587,820	\$ -	\$ -

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.

Investment return (net) for the year ended December 31, 2021 consists of:

Interest and Dividends	\$ 97,681
Realized and Unrealized Gain	145,425
TOTAL INVESTMENT RETURN (NET)	\$ 243,106

ANGEL FLIGHT WEST, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2021:

Furniture	\$	36,833
Leasehold Improvements		110,074
Computers and Equipment		73,156
Software		<u>454,185</u>
TOTAL		674,248
Less: Accumulated Depreciation		<u>(559,429)</u>
PROPERTY AND EQUIPMENT (NET)	\$	<u>114,819</u>

Depreciation expense for the year ended December 31, 2021 was \$41,496.

NOTE 5 - ACCRUED EXPENSES

Accrued expenses at December 31, 2021 consist of the following:

Accrued Payroll	\$	38,137
Accrued Vacation		26,336
Other Accrued Expenses		<u>21,266</u>
TOTAL ACCRUED EXPENSES	\$	<u>85,739</u>

NOTE 6 - PAYCHECK PROTECTION PROGRAM LOAN

In May 2020, AFW applied for and received a PPP loan in the amount of \$150,848. The PPP loan, administered by the Small Business Administration (SBA), bore interest at a fixed rate of 1.0% per annum, had a term of two years, and was unsecured and guaranteed by the SBA. Interest accrued on the loan beginning with the initial disbursement; however, payments of principal and interest were deferred until the lender's determination of the amount of forgiveness applied for by the borrower was approved by the SBA.

During 2021, AFW applied for forgiveness of the PPP loan with respect to the eligible expenses incurred during the covered period. In September 2021, AFW received notification that the request for forgiveness had been approved in full and is reflected as PPP forgiveness income in the statement of activities.

ANGEL FLIGHT WEST, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 7 - COMMITMENTS AND CONTINGENCIES

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, 2021.

NOTE 8 - 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, 2021:

Undesignated	\$ 211,206
Board Designated Endowment	2,637,251
Board Designated Reserve	<u>1,080,517</u>
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 3,928,974</u>

Board Designated Endowment: The Board has designated \$2,637,251 of net assets without donor restrictions as an endowment to provide for the long-term financial sustainability of the organization (see Note 10).

Board Designated Reserve: The Board has designated \$1,080,517 of net assets without donor restrictions as a reserve to provide liquidity for emergency needs.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31, 2021:

Mission Services, Outreach and Other Programs	\$ 173,485
Time Restricted (For Future Periods)	<u>858,333</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 1,031,818</u>

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, 2021:

Satisfaction of Purpose Restrictions: Mission Services, Outreach and Other Programs	\$ 259,383
Satisfaction of Time Restrictions:	<u>600,000</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 859,383</u>

ANGEL FLIGHT WEST, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 10 - 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.

Endowment Net Asset Composition by Type of Fund at December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated	\$ 2,637,251	\$ -	\$ 2,637,251

Changes in Endowment Net Assets for the Year Ended December 31, 2021

Endowment Net Assets - Beginning of Year	\$ 2,386,774	\$ -	\$ 2,386,774
Additions	50,000	-	50,000
Endowment Assets Appropriated for Expenditure	-	-	-
Investment Return (Net)	200,477	-	200,477
ENDOWMENT NET ASSETS - END OF YEAR	\$ 2,637,251	\$ -	\$ 2,637,251

ANGEL FLIGHT WEST, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 11 - 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 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by AFW at December 31, 2021 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, 2021:	
Cash and Cash Equivalents	\$ 878,687
Investments	3,587,820
Contributions Receivable	<u>507,363</u>
TOTAL FINANCIAL ASSETS	
AT DECEMBER 31, 2021	4,973,870
Less Amounts Not Available to Be Used within One Year, Due to:	
Donor-Imposed Restrictions:	
Funds Held with Purpose Restrictions	(173,485)
Funds Held with Time Restrictions	(858,333)
Board Designations:	
Board Designated Reserve	(1,080,517)
Board Designated Fund Functioning as an Endowment	<u>(2,637,251)</u>
FINANCIAL ASSETS AVAILABLE TO	
MEET GENERAL EXPENDITURES	
WITHIN ONE YEAR	\$ 224,284

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.