

**MERCY MEDICAL ANGELS**

**Financial Statements for the Years Ended June 30, 2016 and 2015  
and Independent Auditor's Report  
Dated July 13, 2017**

**HENDERSHOT, BURKHARDT & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS  
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# Hendershot Burkhardt & Associates

**CERTIFIED PUBLIC ACCOUNTANTS**

## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors  
Mercy Medical Angels  
4620 Haygood Road, Ste. 1  
Virginia Beach, VA 23455

### Audit Services:

Government Services  
A-133 Audits  
ERISA Audits  
Not-For-Profits  
Commercial Audits  
Financial Reviews

### Tax Services:

Tax Planning  
Tax Preparation  
Estates & Trusts  
Offer-in-Compromise  
Installment Agreements

### Accounting Services:

Bookkeeping  
Month-end Accounting  
Compilations

### Business Services:

Business Consulting  
Business Plans

We have audited the accompanying financial statements of Mercy Medical Angels (the "Organization"), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, cash flows, and functional expenses, for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of 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 the Organization as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*David C. Burkhardt, CPA*

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For: Hendershot, Burkhardt & Associates  
Certified Public Accountants, PC  
Manassas, VA 20109  
July 13, 2017

**MERCY MEDICAL ANGELS**  
**Statements of Financial Position**  
**As of June 30, 2016 and 2015**

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Current Assets		
Cash	\$ 385,209	\$ 182,395
Grants, Pledges, and Accounts Receivable, current	332,945	546,943
Prepaid Expenses	5,387	9,998
Donated Airfare Inventory	-	9,348
Endowment Fund	<u>264,134</u>	<u>276,216</u>
Total Current Assets	987,675	1,024,900
Property and Equipment	<u>1,191,948</u>	<u>1,389,340</u>
 Total Assets	 <u>\$ 2,179,623</u>	 <u>\$ 2,414,240</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 16,689	\$ 21,992
Payroll Liabilities	-	34,260
Deposits	1,075	550
Notes Payable, current	<u>11,623</u>	<u>11,008</u>
Total Current Liabilities	29,387	67,810
Long Term Notes Payable	<u>299,006</u>	<u>310,705</u>
 Total Liabilities	 328,393	 378,515
Net Assets		
Unrestricted Net Assets	1,534,105	1,326,188
Temporarily Restricted Net Assets	<u>317,125</u>	<u>709,537</u>
Total Net Assets	<u>1,851,230</u>	<u>2,035,725</u>
 Total Liabilities and Net Assets	 <u>\$ 2,179,623</u>	 <u>\$ 2,414,240</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

**MERCY MEDICAL ANGELS**  
**Statement of Activities & Changes in Net Assets**  
**For the Year Ended June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>CONTRIBUTIONS AND REVENUE</b>			
Contributions			
In Kind Donations - Services	\$ 3,161,277	\$ -	\$ 3,161,277
Donations and Grants	<u>609,130</u>	<u>317,125</u>	<u>926,255</u>
Total Contributions	3,770,407	317,125	4,087,532
Revenues			
Unrealized Gain/(Loss) on Investment	(10,251)	-	(10,251)
Rental Income	7,713	-	7,713
Other Income	6,329	-	6,329
Interest Income	<u>175</u>	<u>-</u>	<u>175</u>
Total Revenue	3,966	-	3,966
Net Assets Released from Restrictions	<u>709,537</u>	<u>(709,537)</u>	<u>-</u>
Total Contributions and Revenues	4,483,910	(392,412)	4,091,498
<b>EXPENSES</b>			
Program			
Airline Mode Patient Travel	1,277,662	-	1,277,662
Volunteer Pilot Mode Patient Travel	2,390,238	-	2,390,238
Ground Mode Patient Travel	91,028	-	91,028
Charitable Association Management	189,268	-	189,268
Public Education	79,568	-	79,568
Patient Travel Helpline	23,375	-	23,375
Air Charity Network	<u>3,001</u>	<u>-</u>	<u>3,001</u>
Total Program Services	4,054,140	-	4,054,140
Supporting Services			
General & Administrative	114,208	-	114,208
Fundraising	<u>107,645</u>	<u>-</u>	<u>107,645</u>
Total Supporting Services	221,853	-	221,853
Total Expenses	<u>4,275,993</u>	<u>-</u>	<u>4,275,993</u>
Change in Net Assets	207,917	(392,412)	(184,495)
Net Assets, Beginning of Year	<u>1,326,188</u>	<u>709,537</u>	<u>2,035,725</u>
Net Assets, End of Year	<u>\$ 1,534,105</u>	<u>\$ 317,125</u>	<u>\$ 1,851,230</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

**MERCY MEDICAL ANGELS**  
**Statement of Activities & Changes in Net Assets**  
**For the Year Ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>CONTRIBUTIONS AND REVENUE</b>			
Contributions			
In Kind Donations - Services	\$ 1,029,128	50,000	\$ 1,079,128
Donations and Grants	<u>549,570</u>	<u>551,768</u>	<u>1,101,338</u>
Total Contributions	1,578,698	601,768	2,180,466
Revenues			
Unrealized Gain/(Loss) on Investment	8,323	-	8,323
Rental Income	3,450	-	3,450
Other Income	5,627	-	5,627
Interest Income	<u>71</u>	<u>-</u>	<u>71</u>
Total Revenue	17,471	-	17,471
Net Assets Released from Restrictions	<u>735,301</u>	<u>(735,301)</u>	<u>-</u>
Total Contributions and Revenues	2,331,470	(133,533)	2,197,937
<b>EXPENSES</b>			
Program			
Airline Mode Patient Travel	1,432,883	-	1,432,883
Volunteer Pilot Mode Patient Travel	293,532	-	293,532
Public Education	113,994	-	113,994
Ground Mode Patient Travel	174,502	-	174,502
Charitable Association Management	202,008	-	202,008
Patient Travel Helpline	79,833	-	79,833
Air Charity Network	<u>6,231</u>	<u>-</u>	<u>6,231</u>
Total Program Services	2,302,983	-	2,302,983
Supporting Services			
General & Administrative	157,938	-	157,938
Fundraising	<u>54,617</u>	<u>-</u>	<u>54,617</u>
Total Supporting Services	<u>212,555</u>	<u>-</u>	<u>212,555</u>
Total Expenses	<u>2,515,538</u>	<u>-</u>	<u>2,515,538</u>
Change in Net Assets	(184,068)	(133,533)	(317,601)
Net Assets, Beginning of Year	<u>1,510,256</u>	<u>843,070</u>	<u>2,353,326</u>
Net Assets, End of Year	<u>\$ 1,326,188</u>	<u>\$ 709,537</u>	<u>\$ 2,035,725</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

**MERCY MEDICAL ANGELS**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	(184,495)	(317,601)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	197,392	198,780
Unrealized (Gain)/Loss on Investment	10,251	(8,323)
(Increase)/Decrease in Grants and Pledges Receivable	213,998	320,463
(Increase)/Decrease in Prepaid Expenses	4,611	(2,184)
(Increase)/Decrease in Donated Airfare Inventory	9,348	414
Increase/(Decrease) in Accounts Payable and Accrued Expenses	(39,563)	(61,536)
Increase/(Decrease) in Accounts Payable and Accrued Expenses	525	-
<b>Net Cash (used by)/provided by Operating Activities</b>	212,067	130,013
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of Investments	1,831	1,680
Purchase of Fixed Assets	-	(42,351)
Disposal of Fixed Assets	-	-
<b>Net Cash (used by)/provided by Investing Activities</b>	1,831	(40,671)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of Notes Payable	(11,084)	(10,540)
<b>Net Cash (used by)/provided by Financing Activities</b>	(11,084)	(10,540)
<b>NET CHANGE IN CASH</b>	202,814	78,802
<b>CASH, BEGINNING OF YEAR</b>	182,395	103,593
<b>CASH, END OF YEAR</b>	\$ 385,209	\$ 182,395
Interest Paid	\$ 15,709	\$ 16,517

See the accompanying Independent Auditors' Report and notes to the financial statements



**MERCY MEDICAL ANGELS**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2016**

	Airline Mode Patient Travel	Volunteer Pilot Mode Patient Travel	Ground Mode Patient Travel	Charitable Association Management	Public Education	Patient Travel Helpline	Air Charity Network	Total Programs	G&A	Fundraising	Total Support Services	Total
In-kind Service Expense	\$ 530,758	\$ 2,224,789	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,755,547	\$ -	\$ -	\$ -	\$ 2,755,547
Salaries	163,690	76,332	25,266	72,371	38,398	11,003	739	387,799	36,916	50,633	87,549	475,348
Patient Travel	423,660	-	36,294	-	36	-	-	459,990	-	-	-	459,990
Depreciation Expense	83,332	34,961	14,284	38,214	14,992	6,229	1,357	193,369	2,064	1,959	4,023	197,392
Payroll Taxes	9,664	5,646	3,717	4,347	2,971	1,957	277	28,579	4,501	4,163	8,664	37,243
Consulting	1,987	763	150	18,750	-	-	-	21,650	800	-	800	22,450
Accounting Fees	-	-	1,520	25,413	-	-	-	26,933	23,343	-	23,343	50,276
Benefits	5,169	2,597	1,384	3,022	1,525	1,053	140	14,890	3,597	3,187	6,784	21,674
Internet Expense	5,503	10,009	1,039	2,600	5,962	433	60	25,606	2,118	2,008	4,126	29,732
Repairs and Maintenance	2,957	2,313	421	1,207	488	196	46	7,628	17,157	575	17,732	25,360
Insurance Expense	4,457	6,131	689	1,789	652	272	68	14,058	1,447	928	2,375	16,433
Travel	1,732	-	-	-	4,816	-	-	6,548	3,405	2,877	6,282	12,830
Communications	7,085	3,137	1,331	3,039	1,186	491	86	16,355	2,560	1,764	4,324	20,679
License and Fees	1,007	414	269	3,284	213	71	28	5,286	2,006	791	2,797	8,083
Supplies - Office	4,674	2,638	725	3,311	868	256	31	12,503	2,529	1,055	3,584	16,087
Promotional Materials	15	896	-	3,905	-	-	-	4,816	310	2,743	3,053	7,869
Legal Fees	137	-	-	1,803	-	-	-	1,940	2,339	150	2,489	4,429
Office Utilities	5,010	2,125	853	2,231	889	331	74	11,513	1,888	1,149	3,037	14,550
Program Support	-	-	180	105	-	375	-	660	-	-	-	660
Interest Expense	5,525	2,220	887	2,526	930	377	74	12,539	1,949	1,221	3,170	15,709
Conferences and Training	240	22	-	-	1,754	-	-	2,016	1,271	631	1,902	3,918
Advertising and Outreach	-	-	-	-	-	-	-	-	42	21,324	21,366	21,366
Fuel-All Aircraft	-	6,956	-	-	-	-	-	6,956	-	-	-	6,956
Postage and Delivery	886	768	144	510	898	59	15	3,280	334	367	701	3,981
Rent Expense	608	2,067	103	275	105	43	6	3,207	612	126	738	3,945
Grant Expense	2,500	1,200	1,475	200	-	200	-	5,575	-	-	-	5,575
Volunteer Expense	112	102	88	-	-	-	-	302	-	-	-	302
Memberships	-	-	-	99	99	-	-	198	99	-	99	297
Write off Expired Inventory	9,348	-	-	-	-	-	-	9,348	-	-	-	9,348
Uncollectible Pledge Expen	-	-	-	-	-	-	-	-	-	-	-	-
N7709R Lease	-	3,215	-	-	-	-	-	3,215	2,140	-	2,140	2,140
Miscellaneous Expense	6,521	350	209	267	926	29	-	8,302	748	9,048	9,796	18,098
Printing and Reproduction	1,085	587	-	-	1,860	-	-	3,532	33	946	979	4,511
<b>Total Expenses</b>	<b>\$ 1,277,662</b>	<b>\$ 2,390,238</b>	<b>\$ 91,028</b>	<b>\$ 189,268</b>	<b>\$ 79,568</b>	<b>\$ 23,375</b>	<b>\$ 3,001</b>	<b>\$ 4,054,140</b>	<b>\$ 114,208</b>	<b>\$ 107,645</b>	<b>\$ 221,853</b>	<b>\$ 4,275,993</b>

See the accompanying Independent Auditors' Report and notes to the financial statements

**MERCY MEDICAL ANGELS**  
Statement of Functional Expenses  
For the Year Ended June 30, 2015

	Airline Mode Patient Travel	Volunteer Pilot Mode Patient Travel	Public Education	Ground Mode Patient Travel	Charitable Association Management	Patient Travel Helpline	Air Charity Network	Total Programs	G&A	Fundraising	Support Services	Total
Patient Travel	\$ 757,068	\$ -	\$ -	\$ 51,026	\$ 82,590	\$ -	\$ 1,702	\$ 808,094	\$ -	\$ 22,707	\$ -	\$ 808,094
Salaries	217,213	110,989	56,036	61,042	82,590	45,028	1,702	574,600	58,975	-	81,682	808,094
In-kind Service Expense	318,851	60,875	-	-	-	-	-	379,726	438	-	438	656,282
Depreciation Expense	63,724	39,881	19,351	21,519	33,041	13,506	2,377	193,399	2,566	2,815	5,381	380,164
Accounting Fees	1,313	-	4,143	5,395	38,975	5,330	263	40,551	2,879	13,035	15,914	98,780
Payroll Taxes	13,227	10,173	2,135	6,307	3,753	3,519	603	42,624	4,231	2,305	6,536	56,465
Benefits	23,755	8,017	-	1,670	2,233	144	55	46,021	1,095	780	1,875	49,160
Legal Fees	3,117	483	-	10,500	2,520	-	-	7,934	33,469	50	33,519	47,896
Consulting	-	-	-	-	-	-	-	10,500	26,404	-	26,404	41,453
Internet Expense	5,756	3,452	6,211	7,818	2,433	3,401	187	29,258	1,713	3,035	4,748	36,904
Insurance Expense	4,049	10,562	1,214	1,071	2,104	881	144	20,025	4,184	864	5,048	34,006
Repairs and Maintenance	2,434	13,385	655	762	1,523	438	98	19,295	1,582	467	2,049	25,073
Communications	4,854	3,796	1,504	1,341	2,572	1,075	190	15,332	1,130	1,300	4,410	19,742
Interest Expense	4,104	2,470	1,353	1,306	2,240	921	187	12,581	3,038	898	3,936	16,517
License and Fees	212	191	135	396	10,041	53	45	11,073	2,070	2,017	4,087	15,160
Office Utilities	3,854	2,370	1,231	1,143	2,121	851	142	11,712	1,680	909	2,589	14,301
Supplies - Office	3,146	1,733	880	830	1,553	628	130	8,900	1,758	659	2,417	11,317
Travel	810	1,366	7,042	-	60	-	-	9,278	-	975	975	10,253
Fuel-All Aircraft	-	9,973	-	-	-	-	-	9,973	-	-	-	9,973
Advertising and Outreach	705	-	-	-	8,950	-	-	9,655	-	-	-	9,655
Rent Expense	633	4,261	83	84	342	60	14	5,477	879	67	946	6,423
Uncollectible Pledge Expense	-	-	-	-	-	-	-	-	6,317	-	6,317	6,317
Conferences and Training	26	500	4,807	-	509	-	-	5,842	168	167	335	6,177
Postage and Delivery	1,116	996	1,328	318	775	249	46	4,828	499	280	779	5,607
Program Support	-	769	-	520	-	3,694	-	4,983	-	-	-	4,983
Promotional Materials	1,216	686	1,477	-	212	-	-	3,591	277	849	1,126	4,717
Printing and Reproduction	-	560	2,550	1,245	-	-	-	4,355	-	-	-	4,355
N7709R Lease	-	3,589	-	-	-	-	-	3,589	-	-	-	3,589
Miscellaneous Expense	1,550	588	259	209	211	55	48	2,920	436	68	504	3,424
Grant Expense	150	-	-	-	3,250	-	-	3,400	-	-	-	3,400
Memberships	-	150	1,550	-	-	-	-	1,700	-	540	540	2,240
Volunteer Expense	-	1,717	50	-	-	-	-	1,767	-	-	-	1,767
<b>Total Expenses</b>	<b>\$ 1,432,883</b>	<b>\$ 293,532</b>	<b>\$ 113,994</b>	<b>\$ 174,502</b>	<b>\$ 202,008</b>	<b>\$ 79,833</b>	<b>\$ 6,231</b>	<b>\$ 2,302,983</b>	<b>\$ 157,938</b>	<b>\$ 54,617</b>	<b>\$ 212,555</b>	<b>\$ 2,515,538</b>

**MERCY MEDICAL ANGELS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 and 2015**

**NOTE 1. ORGANIZATION**

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. For maximum efficiency and to eliminate duplication of costs or services, the Organization provides services for program operations. The Organization provides 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. These affiliated organizations provide grants to the Organization for program operations only.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Estimates - The preparation of financial statements in conformity with United States 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.

Accounts Receivable - The Organization uses the allowance method to determine uncollectible receivables, based on historical experience and management’s evaluation of outstanding accounts receivable at the end of the year.

Property and equipment - Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at their fair market value on the date of the gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which range from five to twelve years. The building and building improvements are amortized over thirty years.

Revenue recognition - Grants and contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the grants and contributions are recognized. All other donor-restricted grants and contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**MERCY MEDICAL ANGELS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 and 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Contributed services - The Organization receives significant contributions of transportation services from various airlines and subsidizes airline ticket programs from foundations working with the Organization to provide patient and patient escort airline tickets. Contributed transportation services are recorded as the difference between what the client had to pay (sometimes zero) and the actual retail airline costs per quotes from the appropriate airline web sites. The Organization also receives donated pilot services for the operation of Bonanza Aircraft and Professional Program Management and IT Systems Development and Operation. All service costs are based on going commercial rates.

Income taxes - The Organization is classified as a Section 501(c)(3) organization, as described in Section 501(a) of the Internal Revenue Code, and is exempt from federal and state income taxes, except for taxes on unrelated business income, if any.

The Organization's Forms 990, Return of Organization Exempt from Income Tax are subject to examination by the IRS, generally for three years after they were filed.

Functional allocation of expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Major programs - The major programs of the Organization are as follows:

**Airline Mode Patient Travel Program**-When patient travel exceeds 750 miles or there are reasons a patient can not fly on light aircraft, MMA coordinates travel with one major airlines. MMA has partnerships with most of the major airlines in the US.

**Volunteer Pilot Mode Patient Travel Program**-Volunteer pilots providing flights for ambulatory outpatients traveling less than 750 miles departing from District of Columbia, Delaware, Kentucky, Maryland, Michigan, Ohio, Pennsylvania, Virginia, and West Virginia.

**Ground Mode 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) and the Organization does not normally handle trips within a local area or community. Exceptions are made on a case to case basis, routinely for cancer patients traveling daily for treatment.

**MERCY MEDICAL ANGELS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 and 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**Charitable Association Management Program**-Mercy Medical Angels provides services to other charitable medically related transportation organizations at the national region and state levels providing fundraising, general administration and program services thus achieving maximum efficiency at minimal costs through the use of a collaborative structure.

**Public Education Program**-Mercy Medical Angels operates a nationwide community outreach and education program with specific emphasis on educating the medical and public health sectors about the operations of charitable long distance patient transport via different modes of transportation.

**Patient Travel Helpline Program**-The Organization has operated this National Helpline since 1985. It provides information about all forms of charitable, long distance medically-related transportation and provides referrals to all appropriate sources of help available in the national charitable medical transportation network.

**Air Charity Network Program**-On a totally charitable basis, the Organization provides administrative support for the Air Charity Network. The Organization was one of the founders and is a member of that nationwide Network.

**NOTE 3. ENDOWMENT FUND**

The Organization established a perpetual endowment fund with the Norfolk Foundation in 2003 with an original investment of \$25,000. The Organization has invested an additional \$136,100 since that time. The purpose of the fund is to provide support for the Organization. The Organization can receive annual cash distributions from the fund equal to five percent of the average market value of the fund over the previous 12 quarters. If the Organization chooses to withdraw more than that amount it needs an affirmative vote of three-fourths of its governing body and the approval of the Norfolk Foundation's board of directors. The Endowment Fund is recorded at its fair market value on the statement of financial position. To date, the Organization has never withdrawn any funds. As of June 30, 2016, and 2015, the value of the fund was \$264,134 and \$276,216, respectively.

**MERCY MEDICAL ANGELS**  
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**NOTE 4. GRANTS AND PLEDGES RECEIVABLE**

The organization provides management and program services to various organizations. The following operational grants were pledged from these organizations to help defray Mercy Medical Angels' cost for these services:

	<u>2016</u>	<u>2015</u>
Angel Canines for Wounded Warriors	\$293,019	\$223,956
Angel Flight Virginia	11,956	15,908
Hospice Angel Airlines	4,480	12,588
Children's Transport for Life	4,359	8,352
Angel Fuel for Life	3,311	6,450
Angel Airlines for Veterans	-	101,792
Air Compassion Veterans	-	30,997
Children's Angel Airlines	-	25,421
Adaptive Sports Access for Wounded Warriors	-	24,766
Angel Airlines for PTSD Recovery	-	13,221
Angel Airlines Samaritans	-	11,523
Angel Airlift Mid-Atlantic	-	11,095
Angel Airlines for Life	-	10,636
Angel Airlines for Cancer Patients	-	7,520
Airlift Hope of America	-	3,878
Airlift Volunteers in Disaster Relief	-	1,525
Angel Animal Transport	-	861
Others	\$ -	\$ 1,506
Total	<u>\$317,125</u>	<u>\$511,995</u>

Other grants and pledges receivable consist of the following:

CFC/United Way pledges	\$ 24,855	\$ 19,735
Less: Allowance	<u>(9,035)</u>	<u>(3,287)</u>
Total Pledges receivable	15,820	16,448
Accounts receivable	<u>-</u>	<u>18,500</u>
Total Receivables	<u>\$332,945</u>	<u>\$546,943</u>

**MERCY MEDICAL ANGELS**  
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**NOTE 5. PROPERTY AND EQUIPMENT**

The Organization had the following assets and accumulated depreciation as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
<u>Furniture and Equipment</u>		
Equipment purchased with		
Federal grant money	\$ -	\$ 22,525
Aircraft Equipment	-	81,495
Furniture	-	41,211
Office Equipment	-	75,278
Computer Equipment	34,049	34,049
Total Furniture & Equipment, cost	34,049	254,558
Less Accumulated Depreciation	<u>(33,934)</u>	<u>(254,213)</u>
Total Furniture & Equipment, net	115	345
Building	333,523	333,523
Less Depreciation	<u>(92,660)</u>	<u>(81,542)</u>
Total Building, net	240,863	251,981
Building Improvements	183,415	183,415
Less Amortization	<u>(54,481)</u>	<u>(41,608)</u>
Total Building Improvements, net	128,934	141,807
MMA Information System	1,188,496	1,188,496
Less Amortization	<u>(757,960)</u>	<u>(584,789)</u>
Total Information System, net	430,536	603,707
Land	<u>391,500</u>	<u>391,500</u>
Total Property and Equipment	<u>\$1,191,948</u>	<u>\$1,389,340</u>

**NOTE 6. NOTES PAYABLE**

In May 2008, the Organization secured a note payable in the amount of \$375,000 through Towne Bank, bearing an interest rate of 6.80%. In April 2013, the Organization renegotiated this note to bear a new interest rate of 5%. The note is payable in consecutive monthly payments of \$2,254. Interest paid on this note was \$15,709 and \$16,517 in the years ended June 30, 2016 and 2015, respectively.

**MERCY MEDICAL ANGELS**  
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**NOTE 6. NOTES PAYABLE (cont.)**

Loan maturities for each of the five years following June 30, 2016 are as follows:

2017	11,623
2018	12,226
2019	12,861
2020	13,491
2021	14,228
Thereafter	<u>246,200</u>
Total	<u>\$310,629</u>

**NOTE 7. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets of the Organization consisted of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Grants receivable from affiliated organizations for fiscal year (time restriction)	\$317,125	\$700,189
Donated airfare inventory	<u>-</u>	<u>9,348</u>
	\$317,125	\$709,537

**NOTE 8. DONATED SERVICES**

During the years ended June 30, 2016 and 2015 the following types of professionals donated their services:

	<u>2016</u>	<u>2015</u>
Flights and Donated Airfare Inventory	\$818,887	\$1,018,253
Professional Services	-	60,875
Other	<u>840</u>	<u>-</u>
Total Donated Services	<u>\$819,727</u>	<u>\$1,079,128</u>

**NOTE 9. RELATED PARTIES**

For maximum efficiency and to eliminate duplication of costs or services, the Organization provides services for program operations. The Organization provides 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. These affiliated organizations provide grants to the Organization for program operations only.

For the years ended June 30, 2016 and 2015, those amounts totaled \$657,689 and \$886,535 respectively.



**MERCY MEDICAL ANGELS**  
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**NOTE 10. SUBSEQUENT EVENTS**

Management evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through July 13, 2017 the date on which the financial statements were available to be issued.