



The LifeFlight Foundation

FINANCIAL STATEMENTS

June 30, 2024 and 2023

With Independent Auditor's Report





INDEPENDENT AUDITOR'S REPORT

Board of Trustees
The LifeFlight Foundation

Opinion

We have audited the accompanying financial statements of The LifeFlight Foundation (LFF), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LFF as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (U.S. 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 LFF 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 U.S. GAAP, 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 LFF's's ability to continue as a going concern within one year after the date that 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 U.S. 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.

Board of Trustees
The LifeFlight Foundation

In performing an audit in accordance with U.S. 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 LFF'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 LFF'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.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
October 25, 2024

THE LIFEFLIGHT FOUNDATION

Statements of Financial Position

June 30, 2024 and 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Current assets		
Cash	\$ 6,219,483	\$ 4,178,399
Due from related parties	53,991	391,086
Pledges receivable, current portion	492,883	880,576
Prepaid expenses and other current assets	<u>10,145</u>	<u>8,498</u>
Total current assets	6,776,502	5,458,559
Investments	-	3,037
Beneficial interest in funds held by others	1,105,576	1,034,259
Pledges receivable, net of current portion	53,000	154,000
Property and equipment, net	29,042	37,529
Right-of-use (ROU) asset – operating	<u>106,204</u>	<u>132,184</u>
Total assets	<u>\$ 8,070,324</u>	<u>\$ 6,819,568</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	\$ 96,333	\$ 46,028
Due to related parties	687,837	453,892
Current portion of lease liability – operating	<u>27,215</u>	<u>25,980</u>
Total current liabilities	811,385	525,900
Lease liability – operating, net of current portion	<u>78,989</u>	<u>106,204</u>
Total liabilities	<u>890,374</u>	<u>632,104</u>
Net assets		
Without donor restrictions	3,431,185	2,613,675
With donor restrictions	<u>3,748,765</u>	<u>3,573,789</u>
Total net assets	<u>7,179,950</u>	<u>6,187,464</u>
Total liabilities and net assets	<u>\$ 8,070,324</u>	<u>\$ 6,819,568</u>

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

THE LIFEFLIGHT FOUNDATION

Statement of Activities

Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, gains, and other support			
Contributions and grants	\$ 1,171,542	\$ 1,339,368	\$ 2,510,910
Other revenue, net	176,137	-	176,137
Service revenue	762,348	-	762,348
Change in fair value of beneficial interest in funds held by others	5,195	66,122	71,317
Net assets released from restrictions	<u>1,230,514</u>	<u>(1,230,514)</u>	<u>-</u>
Total revenue, gains, and other support	<u>3,345,736</u>	<u>174,976</u>	<u>3,520,712</u>
Expenses			
Salaries, benefits, and taxes	762,348	-	762,348
Occupancy cost	41,186	-	41,186
Depreciation	9,865	-	9,865
Insurance and licenses	35,148	-	35,148
Professional fees	75,213	-	75,213
Publications and mailings	190,838	-	190,838
Conferences and meetings	38,356	-	38,356
Contributions to LifeFlight of Maine (LOM)	1,230,403	-	1,230,403
Advertising	9,546	-	9,546
Other	<u>135,323</u>	<u>-</u>	<u>135,323</u>
Total expenses	<u>2,528,226</u>	<u>-</u>	<u>2,528,226</u>
Change in net assets	817,510	174,976	992,486
Net assets, beginning of year	<u>2,613,675</u>	<u>3,573,789</u>	<u>6,187,464</u>
Net assets, end of year	<u>\$ 3,431,185</u>	<u>\$ 3,748,765</u>	<u>\$ 7,179,950</u>

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

THE LIFEFLIGHT FOUNDATION

Statement of Activities

Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, gains, and other support			
Contributions and grants	\$ 1,407,436	\$ 1,394,368	\$ 2,801,804
Other revenue, net	96,789	-	96,789
Service revenue	697,054	-	697,054
Change in fair value of beneficial interest in funds held by others	2,795	23,469	26,264
Net assets released from restrictions	<u>6,055,306</u>	<u>(6,055,306)</u>	<u>-</u>
Total revenue, gains, and other support	<u>8,259,380</u>	<u>(4,637,469)</u>	<u>3,621,911</u>
Expenses			
Salaries, benefits, and taxes	697,054	-	697,054
Occupancy cost	62,530	-	62,530
Depreciation	7,351	-	7,351
Insurance and licenses	25,531	-	25,531
Professional fees	59,485	-	59,485
Publications and mailings	179,511	-	179,511
Conferences and meetings	21,132	-	21,132
Contributions to LOM	6,401,205	-	6,401,205
Advertising	8,496	-	8,496
Other	<u>121,682</u>	<u>-</u>	<u>121,682</u>
Total expenses	<u>7,583,977</u>	<u>-</u>	<u>7,583,977</u>
Change in net assets	675,403	(4,637,469)	(3,962,066)
Net assets, beginning of year	<u>1,938,272</u>	<u>8,211,258</u>	<u>10,149,530</u>
Net assets, end of year	<u>\$ 2,613,675</u>	<u>\$ 3,573,789</u>	<u>\$ 6,187,464</u>

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

THE LIFEFLIGHT FOUNDATION

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	\$ 992,486	\$ (3,962,066)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	9,865	7,351
Change in value of beneficial interest in funds held by others	(10,703)	(13,097)
Decrease (increase) in		
Pledges receivable	488,693	473,870
Prepaid expenses and other current assets	(1,647)	335
Increase (decrease) in		
Accounts payable and accrued expenses	50,305	(15,153)
Due to related parties, net	<u>571,040</u>	<u>36,204</u>
Net cash provided (used) by operating activities	<u>2,100,039</u>	<u>(3,472,556)</u>
Cash flows from investing activities		
Change in value of investments	(57,577)	(13,108)
Purchase of property and equipment	<u>(1,378)</u>	<u>(15,055)</u>
Net cash used by investing activities	<u>(58,955)</u>	<u>(28,163)</u>
Net increase (decrease) in cash	2,041,084	(3,500,719)
Cash, beginning of year	<u>4,178,399</u>	<u>7,679,118</u>
Cash, end of year	<u>\$ 6,219,483</u>	<u>\$ 4,178,399</u>

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

THE LIFEFLIGHT FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

Purpose of Organization

The LifeFlight Foundation (LFF) is a not-for-profit corporation under Internal Revenue Code Section 501(c)(3) founded in 2002 and located in Camden, Maine. The purposes of LFF include engaging in and otherwise sponsoring activities to facilitate the availability and use of medical helicopters and aircraft for the transport of critically ill and injured patients in Maine, and in and around the New England region; to facilitate and develop air medical support infrastructure; to facilitate the improvement of emergency medical care response and services to critically ill and injured patients; and to facilitate such improvements and access to care with special emphasis on providing such benefits and services to patients residing in rural areas.

A major focus of LFF's efforts is to provide fundraising and public relations support to LifeFlight of Maine (LOM). LOM is Maine's statewide critical response medical helicopter service.

1. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The financial statements of LFF have been prepared in accordance with U.S. GAAP, which require LFF to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of LFF. These net assets may be used at the discretion of LFF's management and the Board of Trustees (Board).

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of LFF or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

THE LIFEFLIGHT FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

Revenue Recognition

Service revenue is reported at the amount LFF expects to be entitled in exchange for providing fundraising services. These amounts are due from LOM for the fundraising efforts performed by LFF. Generally, LFF receives payments on a monthly basis. Revenue is recognized as performance obligations are satisfied. It is LFF's expectation that the period between the time the service is provided and the time LOM pays for the service will be one year or less.

Performance obligations are determined based on the nature of the services provided by LFF. Revenue for performance obligations satisfied over time is recognized for the general benefits provided. LFF measures the performance obligation throughout the length of the contract.

Income Taxes

The Internal Revenue Service has determined that LFF is exempt from taxation under Internal Revenue Code Section 501(c)(3) and, accordingly, no provision for income taxes has been reflected in these financial statements.

Investments

Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in value in the near term would materially affect amounts reported in the statements of financial position.

Beneficial Interest in Funds Held by Others

LFF is a beneficiary of agency endowment funds at Maine Community Foundation (MCF) as a result of contributing endowment funds received from donors to be held and administered by MCF. Income from the funds is used to support the purchase of medical equipment for support of LFF. Pursuant to the terms of the resolutions establishing the funds, property contributed to MCF is held as separate funds designated for the benefit of LFF.

In accordance with its spending policy, MCF makes distributions from the funds to LFF. The distributions are approximately 4% of the average market value of the fund over the preceding 12 quarters. Changes in fair value of LFF's interest in the funds held by others less fees are recorded as a change in net assets with donor restrictions. Distributions from the funds are reported as net assets released from restriction.

Pledges Receivable

Contributions are recognized when a donor makes a promise to give to LFF that is, in substance, unconditional. Pledges receivable are reported at the present value of the estimated future cash flows using a discount rate commensurate with the risks involved. Conditional promises to give are not recognized as revenue until the conditions are substantially met.

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Notes to Financial Statements

June 30, 2024 and 2023

LFF uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Management believes all pledges are collectible, there was no allowance at June 30, 2024 or 2023.

Cash

LFF maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Management believes it is not exposed to any significant risk with respect to these accounts. LFF has an Insured Cash Sweep savings account to reduce LFF's exposure.

Depreciation

Purchased property and equipment is recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Property and equipment is depreciated using the straight-line method over the useful lives of the assets. It is LFF's policy to capitalize assets with a cost exceeding \$500 and a useful life of more than one year.

Right-of-Use Asset and Lease Liability

Effective July 1, 2022, LFF adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases* (Topic 842). LFF determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. LFF determines these assets are leased because LFF has the right to obtain substantially all of the economic benefit from ,and the right to, direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because LFF determines it does not have the right to control and direct the use of the identified asset. LFF's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, LFF separately identifies lease and non-lease components, such as maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for its facility and equipment leases. LFF has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease agreement.

Leases result in the recognition of ROU asset and lease liability on the statements of financial position. The ROU asset represent the right to use an underlying asset for the lease term, and lease liability represents the obligation to make lease payments arising from the lease, measured on a discounted basis. LFF determines lease classification as operating or finance at the lease commencement date. The operating leases is reported separately on the statements of financial position.

THE LIFEFLIGHT FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. Topic 842 requires the use of the implicit rate in the lease when readily determinable. As the leases do not provide an implicit rate, LFF elected to use their incremental borrowing rate when the rate of the lease is not implicit in the lease agreement.

The lease term may include options to extend or to terminate the lease that LFF is reasonably certain to exercise. Lease expense for operating lease is recognized on a straight-line basis over the lease term.

LFF has elected not to record leases with an initial term of 12 months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. GAAP, LFF has considered transactions or events occurring through October 25, 2024, which was the date the financial statements were available to be issued.

2. Availability and Liquidity of Financial Assets

The following table reflects LFF's financial assets as of June 30, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

	<u>2024</u>	<u>2023</u>
Cash	\$ 6,219,483	\$ 4,178,399
Due from related parties	53,991	391,086
Investments	-	3,037
Pledges receivable	<u>516,500</u>	<u>923,500</u>
Total financial assets	6,789,974	5,496,022
Less amounts not available to be used within one year:		
Net assets without donor restrictions – Board designated	37,175	37,175
Net assets with donor restrictions	<u>2,718,765</u>	<u>2,548,789</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,034,034</u>	<u>\$ 2,910,058</u>

LFF strives to maintain unrestricted financial assets of between \$500,000 and \$1,000,000 to cover non-payroll Foundation operating expenses. To help achieve this, LFF monitors its liquidity monthly.

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Notes to Financial Statements

June 30, 2024 and 2023

3. Pledges Receivable

LFF is raising contributions toward various projects to support LOM's mission. Pledges receivable consist of the following.

	<u>2024</u>	<u>2023</u>
Due within one year	\$ 516,500	\$ 923,500
Due between one and five years	<u>53,000</u>	<u>154,000</u>
	569,500	1,077,500
Less discounts to net present value at 4.52% and 4.49% for 2024 and 2023, respectively	<u>(23,617)</u>	<u>(42,924)</u>
Pledges receivable, less current portion	<u>\$ 545,883</u>	<u>\$ 1,034,576</u>

Pledges receivable of \$564,500 and \$1,071,500 at June 30, 2024 and 2023, respectively, are restricted toward specific projects, and \$5,000 and \$6,000 at June 30, 2024 and 2023, respectively, are undesignated (to be used for any project).

4. Beneficial Interest in Funds Held by Others

The composition of beneficial interest in funds held by others at June 30:

	<u>2024</u>	<u>2023</u>
Net assets without purpose restrictions	\$ <u>54,577</u>	\$ <u>55,853</u>
Net assets with donor restrictions		
Temporary in nature – cumulative change in fair value, net of fees and distributions	<u>20,999</u>	<u>(46,594)</u>
Permanent in nature – endowment		
General endowment fund	25,000	25,000
Jack May endowment fund	5,000	-
Cornelia Cogswell Rossi Foundation Medical Equipment fund	<u>1,000,000</u>	<u>1,000,000</u>
Total	<u>\$ 1,105,576</u>	<u>\$ 1,034,259</u>

Withdrawals from the beneficial interest are limited by the spending policy as described in Note 1.

THE LIFEFLIGHT FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

5. Property and Equipment

Property and equipment consists of the following:

	<u>2024</u>	<u>2023</u>
Movable equipment	\$ <u>54,356</u>	\$ <u>52,978</u>
Total	<u>54,356</u>	52,978
Less accumulated depreciation	<u>(25,314)</u>	<u>(15,449)</u>
Property and equipment, net	<u>\$ 29,042</u>	<u>\$ 37,529</u>

6. Long-Term Debt Guarantees

In November 2019, LFF and LOM became co-borrowers of a \$2,600,000 note payable with Camden National Bank. The note matures in October 2024 and bears a fixed-interest rate of 3.85%, due in monthly principal and interest installments of \$47,772. The outstanding principal balance at June 30, 2024 is \$234,715. The note is collateralized by a first priority Aircraft Security Agreement covering two helicopters bearing the serial numbers N901CM and N901EM. LOM has recorded the liability associated with this note and it is the expectation of both LOM and LFF that LOM will make debt service payments. As such, at June 30, 2024, LFF is not expected to have to service the debt and has not recorded a liability.

In June 2015, LFF became guarantor of a revenue obligation bond issued by the Town of Camden through Bangor Savings Bank (BSB) for LOM totaling \$2,250,000 to finance the purchase of a fixed-wing, Beechcraft King Air B200 aircraft. The bond is due in 2025, and requires interest at the rate of 2.00% above 65% of the 30-Day SOFR. The outstanding principal balance and notional amount at June 30, 2024 and 2023 is approximately \$225,000 and \$450,000, respectively. The loan is collateralized by the fixed-wing aircraft and guaranteed by LFF. In conjunction with this financing, LOM entered into a fixed-interest rate swap contract, which is adjusted each month in concert with the amortization of the bond. The swap pays an interest rate of 2.69% and receives a rate of 0.65% of SOFR plus 2.00% (5.46% at June 30, 2024). The swap expires June 2025.

In January 2017, LFF became guarantor of two additional revenue obligation bonds. The bonds were issued to purchase an Agusta Grand 109 aircraft and are due in 2032. The first bond totaling \$4,000,000 was issued by the Town of Camden through BSB for LOM. The bond bears interest at 0.65% of the 30-Day SOFR plus 1.90%. The outstanding principal and notional balance at June 30, 2024 and 2023 is \$2,233,124 and \$2,493,319, respectively. In conjunction with this financing, LOM entered into an effective interest rate swap contract for this debt under which it pays interest at a fixed rate of 2.79% and receives an interest rate at 0.65% of the 30-Day SOFR plus 1.90% (5.36% at June 30, 2024). The swap expires January 2032.

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Notes to Financial Statements

June 30, 2024 and 2023

The second bond totaling \$2,500,000 was issued by Finance Authority of Maine through BSB for LOM. The bond bears interest at 0.73% of the 30-Day SOFR plus 1.90%. The outstanding principal and notional balance at June 30, 2024 and 2023 is \$1,410,188 and \$1,572,217, respectively. In conjunction with this financing, LOM entered into an effective interest rate swap contract for this debt under which it pays interest at a fixed rate of 3.10% and receives an interest rate at 0.73% of the 30-Day SOFR plus 1.90% (5.73% at June 30, 2024). The swap expires January 2032.

During 2021, LFF became guarantor of an additional note payable to BSB. The note was issued to purchase Leonardo SPA model AW109SP and is due in December 2035. The note bears interest at 30-Day SOFR plus 2.25%. The outstanding principal and notional balance at June 30, 2024 and 2023 is \$1,453,727 and \$1,556,534, respectively. In conjunction with this financing, LOM entered into an effective interest rate swap contract for this debt under which it pays interest at a fixed rate of 3.16% and receives an interest rate at 30-Day SOFR plus 2.25% (7.58% at June 30, 2024). The swap contract expires in December 2035.

The BSB loan agreements are subject to certain financial covenants. At June 30, 2024, LOM was in compliance with these covenants and therefore it is deemed unnecessary for LFF to recognize a liability related to these agreements at June 30, 2024.

7. Service Contracts

In 2024, the employees at Affiliated Healthcare Management (AHM), a related party due to common control, were transferred to LOM. The employees under which LOM provides LFF with access to employees with expertise in the operation and management of charitable fundraising organizations. The amount billed to LFF is calculated based on agreed upon billing rates and actual hours worked. Billing under the LOM contract totaled \$762,348 in 2024, and billing under the AHM contract was \$697,054 in 2023. Amounts due to LOM at June 30, 2024 was \$53,991.

In 2023, and years prior, LFF would bill LOM for the compensation and benefits of the AHM employees providing fundraising services for LOM. Amounts due from LOM for these services was \$391,086 at June 30, 2023.

Northern Light Health (NLH), a related party due to its ownership interest in LOM, provides financial support services to LFF under a service agreement. The contract totaled \$8,000 for the years ended June 30, 2024 and 2023. Amounts due to NLH arising from the support services provided were \$663 and \$705 at June 30, 2024 and 2023, respectively. Additionally, NLH pays certain vendors on behalf of LFF, and amounts due to NLH for vendor payables were \$5,683 and \$32,033 at June 30, 2024 and 2023, respectively.

THE LIFEFLIGHT FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

8. Related Party Transactions

Contribution revenue and pledge payments received from Board members and parties related to LFF and LOM through common ownership or control were \$58,827 and \$41,054 for the year ended June 30, 2024 and 2023, respectively. There were no pledge receivables from related parties at June 30, 2024 and 2023.

9. Contributions to LOM

LFF grants net assets without donor restrictions and net assets released from donor restrictions to LOM for debt service, operations and capital acquisitions. The amounts granted to LOM consisted of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Net assets without donor restrictions, net of returned funds	\$ <u>(111)</u>	\$ <u>345,899</u>
Net assets released from donor restrictions		
Aircraft – Helicopters/Sanford	156,933	5,084,401
Education and Safety – Academy	315,695	352,500
Medical Equipment	25,708	475,905
Infrastructure	(4,851)	-
Crew Uniforms and Equipment	61,304	-
Mission Fund	15,000	-
Ground Program	656,435	-
Night-Vision Goggles	-	142,500
Time restricted	<u>4,290</u>	<u>-</u>
Total net assets released from donor restrictions	<u>1,230,514</u>	<u>6,055,306</u>
Total contributions to LOM	<u>\$ 1,230,403</u>	<u>\$ 6,401,205</u>

During 2024, LOM returned \$66,109 of unused contributions to LFF which are included in net assets without donor restrictions, net of returned funds above. In addition, LOM returned \$26,046 of unused contributions to LFF which were credited back to net assets with donor restrictions.

10. Net Assets

Net assets without donor restrictions are available to support the following at June 30:

	<u>2024</u>	<u>2023</u>
Undesignated	\$ <u>3,394,010</u>	\$ <u>2,576,500</u>
Board designated		
Dylan Gold Fund	36,175	36,175
Aircraft Fund – Cross for LifeFlight	<u>1,000</u>	<u>1,000</u>
Total net assets without donor restrictions	<u>\$ 3,431,185</u>	<u>\$ 2,613,675</u>

THE LIFEFLIGHT FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

Net assets with donor restrictions are available to support the following at June 30:

	<u>2024</u>	<u>2023</u>
Funds maintained with donor restrictions temporary in nature		
Aircraft – Fixed Wing	\$ 23,917	\$ 23,917
Aircraft Replacement Fund	200,000	356,933
Appreciation (depreciation) of beneficial interest in funds held with others	20,997	(46,594)
Remote access	150,000	-
Ground Program	98,851	576,700
Medical Equipment	673,463	10,000
Crew Uniforms and Equipment	47,000	-
Aviation Equipment	155,001	-
Infrastructure	4,852	-
Time Restricted	-	4,290
COVID-19 Response	67,835	67,835
Education and Safety – Academy	<u>1,276,849</u>	<u>1,555,708</u>
Total funds maintained with donor restrictions temporary in nature	<u>2,718,765</u>	<u>2,548,789</u>
Funds held in perpetuity		
Beneficial interest in funds held by others	<u>1,030,000</u>	<u>1,025,000</u>
Total net assets with donor restrictions	<u>\$ 3,748,765</u>	<u>\$ 3,573,789</u>

Between January 26, 2024 and June 27, 2024, LFF's Board passed resolutions to contribute a total of \$632,084 to LOM, which is included in due to related parties on the statement of financial position at June 30, 2024. Of this amount, \$49,766 was contributed from Board designated funds, and the remaining \$582,318 was contributed from several donor restricted funds.

11. Fair Value Measurement

FASB ASC Topic 820, *Fair Value Measurement*, provides a framework for measuring fair value under U.S. GAAP. FASB ASC Topic 820 applies to all financial instruments that are being measured and reported on a fair value basis.

FASB ASC Topic 820-10-20 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC Topic 820-10-20 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

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The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

LFF's investments consist of its allocable share of NLH Foundation's pooled investment portfolio. The investments are valued at LFF's allocable share of the quoted market prices of the assets held in the fund. That portfolios consists primarily of cash, marketable equities, and fixed income funds. LFF's investments are valued at Level 2. In addition, LFF's pledges receivable are also valued using Level 2 measurements.

The fair value of the beneficial interest in funds held by others is measured on a non-recurring basis using Level 3 inputs. The fair value is determined annually based on the fair value of the assets in the trust using the market approach, as represented by the MCF's management. LFF's management determines the reasonableness of the methodology by evaluating market developments.

13. Functional Expenses

The statements of activities report certain categories of expenses that are attributable to more than one program or supporting function of LFF. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Those expenses include depreciation and occupancy costs, which are allocated based on compensation expense, as well as salaries and benefits, office supplies, program expenses, and contract services, which are allocated based on estimates of time and effort. Expenses by natural and functional classification are as follows:

<u>2024</u>	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries, benefits, and taxes	\$ 66,738	\$ 314,436	\$ 381,174	\$ 762,348
Occupancy cost	3,606	16,987	20,593	41,186
Depreciation	864	4,069	4,932	9,865
Insurance and licenses	411	5,220	29,517	35,148
Professional fees	22,311	51,079	1,823	75,213
Publications and mailings	16,362	65,698	108,778	190,838
Conferences and meetings	2,439	13,970	21,947	38,356
Contributions to LOM	1,230,514	-	(111)	1,230,403
Advertising	679	4,992	3,875	9,546
Other	<u>2,292</u>	<u>33,646</u>	<u>99,385</u>	<u>135,323</u>
	<u>\$ 1,346,216</u>	<u>\$ 510,097</u>	<u>\$ 671,913</u>	<u>\$ 2,528,226</u>

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<u>2023</u>	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries, benefits, and taxes	\$ 34,853	\$ 285,792	\$ 376,409	\$ 697,054
Occupancy cost	3,217	26,383	32,930	62,530
Depreciation	368	3,014	3,969	7,351
Insurance and licenses	204	3,752	21,575	25,531
Professional fees	8,386	51,099	-	59,485
Publications and mailings	11,221	67,472	100,818	179,511
Conferences and meetings	537	5,978	14,617	21,132
Contributions to LOM	6,401,205	-	-	6,401,205
Advertising	322	4,697	3,477	8,496
Other	<u>5,624</u>	<u>4,927</u>	<u>111,131</u>	<u>121,682</u>
	<u>\$ 6,465,937</u>	<u>\$ 453,114</u>	<u>\$ 664,926</u>	<u>\$ 7,583,977</u>

14. Lease Obligation

LFF entered into an operating lease arrangement in March 2023 for its facility that expires in 2028. The lease contains renewal options and annual escalating clauses. Early termination of the lease is prohibited unless there is a violation under the lease agreements.

Lease Cost

Lease cost for the year ended June 30, 2024 and 2023 for the operating lease was \$31,418 and \$10,473, and is included in occupancy costs on the statement of activities.

Other Information

	<u>2024</u>	<u>2023</u>
Operating Lease:		
Remaining term:	3.72 years	4.74 years
Discount rate:	4.60%	4.60%

Future minimum lease payments and reconciliation to the statement of financial position:

2025	\$ 31,418
2026	31,418
2027	31,418
2028	<u>20,946</u>
Total minimum lease payments	115,200
Less amount representing interest	<u>8,996</u>
Total lease liability, less current portion	<u>\$ 106,204</u>