



National Gay Pilots Association

Audited Financial Statements

December 31, 2017, 2016 & 2015

NATIONAL GAY PILOTS ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Gay Pilots Association
Minneapolis, Minnesota

We have audited the accompanying financial statements of National Gay Pilots Association (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Gay Pilots Association as of December 31, 2017, 2016 and 2015, and the changes in its activities and net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Minneapolis, Minnesota
June 13, 2018

NATIONAL GAY PILOTS ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2017, 2016 and 2015

	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Current assets			
Cash and equivalents	\$ 416,810	\$ 398,941	\$ 295,919
Contributions receivable	22,579	14,700	-
Prepaid expenses	7,033	-	-
Total current assets	<u>446,422</u>	<u>413,641</u>	<u>295,919</u>
 Total assets	 <u><u>\$ 446,422</u></u>	 <u><u>\$ 413,641</u></u>	 <u><u>\$ 295,919</u></u>
 LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	\$ 1,261	\$ 2,864	\$ -
Total current liabilities	<u>1,261</u>	<u>2,864</u>	<u>-</u>
Net assets			
Unrestricted	437,826	394,592	295,919
Temporarily restricted	<u>7,335</u>	<u>16,185</u>	<u>-</u>
Total net assets	<u>445,161</u>	<u>410,777</u>	<u>295,919</u>
 Total liabilities and net assets	 <u><u>\$ 446,422</u></u>	 <u><u>\$ 413,641</u></u>	 <u><u>\$ 295,919</u></u>

See Accompanying Notes to Financial Statements

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For The Years Ended December 31, 2017, 2016 and 2015

See Accompanying Notes to Financial Statements

NATIONAL GAY PILOTS ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2017, 2016 and 2015

	2017			
	Program Services	General and Administrative	Fundraising	Total
Professional fees	\$ -	\$ 36,772	\$ -	\$ 36,772
Marketing	-	18,623	-	18,623
Office expense	-	9,984	-	9,984
Finance charges	-	15,560	-	15,560
Insurance	-	1,792	-	1,792
Conference, education and meetings	416,952	-	-	416,952
Grants	5,000	-	-	5,000
Rent	-	4,875	-	4,875
Salaries	-	45,233	-	45,233
Magazine and publications	51,060	-	-	51,060
Miscellaneous	-	117	-	117
Total	<u>\$ 473,012</u>	<u>\$ 132,956</u>	<u>\$ -</u>	<u>\$ 605,968</u>

	2016			
	Program Services	General and Administrative	Fundraising	Total
Professional fees	\$ -	\$ 27,595	\$ -	\$ 27,595
Marketing	-	7,304	-	7,304
Office expense	-	10,112	-	10,112
Finance charges	-	14,953	-	14,953
Insurance	-	1,913	-	1,913
Conference, education and meetings	252,511	-	-	252,511
Grants	6,195	-	-	6,195
Salaries	-	27,030	-	27,030
Magazine and publications	36,751	-	-	36,751
Miscellaneous	-	1,806	-	1,806
Total	<u>\$ 295,457</u>	<u>\$ 90,713</u>	<u>\$ -</u>	<u>\$ 386,170</u>

	2015			
	Program Services	General and Administrative	Fundraising	Total
Professional fees	\$ -	\$ 12,782	\$ -	\$ 12,782
Marketing	-	4,818	-	4,818
Office expense	-	8,095	-	8,095
Finance charges	-	16,878	-	16,878
Insurance	-	1,378	-	1,378
Conference, education and meetings	171,848	-	-	171,848
Grants	-	-	-	-
Rent	-	-	-	-
Salaries	-	18,991	-	18,991
Magazine and publications	16,214	-	-	16,214
Miscellaneous	-	7,069	-	7,069
Total	<u>\$ 188,062</u>	<u>\$ 70,011</u>	<u>\$ -</u>	<u>\$ 258,073</u>

See Accompanying Notes to Financial Statements

NATIONAL GAY PILOTS ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2017, 2016 and 2015

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities			
Change in net assets:	\$ 34,384	\$ 114,858	\$ 167,528
Adjustment to reconcile the change in net assets to net cash flows from operating activities:			
Contributions receivable	(7,879)	(14,700)	-
Prepaid expenses	(7,033)	-	-
Accounts payable	(1,603)	2,864	-
Net cash flows from operating activities	<u>17,869</u>	<u>103,022</u>	<u>167,528</u>
Net change in cash and equivalents	17,869	103,022	167,528
Cash and equivalents - beginning of year	398,941	295,919	128,391
Cash and equivalents - end of year	<u><u>\$ 416,810</u></u>	<u><u>\$ 398,941</u></u>	<u><u>\$ 295,919</u></u>

See Accompanying Notes to Financial Statements

NATIONAL GAY PILOTS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017, 2016 and 2015

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization National Gay Pilots Association (the Organization) is a nonprofit organization who exists to provide education, advocacy and networking support for LGBT members within the aviation industry.

Basis of accounting The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles in the United States of America and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Tax status The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes. The Organization was previously classified as a 501(c)(7) and changed in June of 2015.

The Organization accounts for uncertainty in income taxes recognized in the financial statements annually assessing its exposure for uncertain tax positions. If required, the Organization would accrue income taxes plus a related interest and penalty as a liability. For the years presented the Organization has recorded no liability for uncertain tax positions. Tax years ending after December 31, 2015 remain open and subject to examination for both federal and state returns.

Basis of presentation Support is classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- Unrestricted net assets represent the portion of net assets that are not subject to donor restrictions.
- Temporarily restricted net assets arise from contributions that are restricted by donors for specific purposes or time periods.
- Permanently restricted net assets arise from contributions that are permanently restricted by donors for specific purposes. The Organization has no permanently restricted net assets.

Use of estimates The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NATIONAL GAY PILOTS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017, 2016 and 2015

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Concentrations and credit risk The Organization maintains cash balances in financial institutions. From time to time, the cash balances may exceed the federally insured limit. Management regularly reviews the credit worthiness of the financial institutions and has not experienced any losses.

Cash and equivalents For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity date of three months or less to be cash equivalents.

Contributions receivable Contributions receivable represent unconditional promises to give and are due within one year.

Property & Equipment Property & Equipment is recorded at the lower of cost or estimated fair value. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Expenditures for equipment over \$1,000 with determinable lives are capitalized and depreciated. Maintenance and repairs are expensed as incurred; major improvements and betterments are capitalized.

Contributed materials Contributed materials are recorded as contributions, when received, at their estimated fair value where such value can be objectively and accurately determined.

Contributed services Contributed services are recorded as contributions, at their fair value, when the service creates or enhances a nonfinancial asset or the service requires specialized skills provided by an individual possessing those skills, and would need to be purchased if not provided by donation. A substantial number of volunteers donate significant amounts of their time to the Organization's program and supporting services. The value of this contributed time is not reflected in these statements since it does not meet the requirements of generally accepted accounting principles for recognition in financial statements.

Contributions Contributions are recorded at their net realizable values when the donor makes an unconditional promise to give to the Organization. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as satisfaction of donor restrictions.

NATIONAL GAY PILOTS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017, 2016 and 2015

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Functional expenses Allocations are generally made as follows:

- Salaries by time spent on principal activities of each employee
- Employee benefits and payroll taxes according to the percentage used to allocate salaries
- All other expenses are allocated based on management estimates

Subsequent events Management evaluates events occurring subsequent to the date of the balance sheet in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 13, 2018 which is the date the financial statements were available to be issued.

2. NET ASSETS

Temporarily restricted net assets are restricted for the following purposes and December 31,

	2017	2016	2015
Advocacy	\$ 1,421	\$ 2,785	\$ -
Mentorship	870	1,000	-
Scholarships	5,044	12,400	-
	<u>\$ 7,335</u>	<u>\$ 16,185</u>	<u>\$ -</u>

Net assets released from restriction as of December 31, were as follows:

	2017	2016	2015
Satisfaction of donor restrictions			
Advocacy	\$ 11,800	\$ 1,215	\$ -
Mentorship	812	-	-
Scholarships	32,500	-	-
Sustainability	-	4,800	-
Total	<u>\$ 45,112</u>	<u>\$ 6,015</u>	<u>\$ -</u>