



NATIONAL GAY PILOTS ASSOCIATION

FINANCIAL STATEMENTS

December 31, 2022 & 2021

NATIONAL GAY PILOTS ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021 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 National Gay Pilots Association as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of National Gay Pilots Association 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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National Gay Pilots Association'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 generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 National Gay Pilots Association'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 National Gay Pilots Association'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.

A handwritten signature in black ink, appearing to read "Lin & Munster LLC", written in a cursive style.

Certified Public Accountants
November 14, 2023

NATIONAL GAY PILOTS ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and equivalents	\$ 690,791	\$ 554,017
Contribution receivable	170,575	60,905
Prepaid expenses	252,705	158,717
Total current assets	<u>1,114,071</u>	<u>773,639</u>
Investments - restricted	429,169	504,575
Total assets	<u><u>\$ 1,543,240</u></u>	<u><u>\$ 1,278,214</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 210,009	\$ 36,426
Deferred revenue	335,309	167,990
Total current liabilities	<u>545,318</u>	<u>204,416</u>
Net assets		
Net assets without donor restriction	521,344	550,665
Net assets with donor restriction	476,578	523,133
Total net assets	<u>997,922</u>	<u>1,073,798</u>
Total liabilities and net assets	<u><u>1,543,240</u></u>	<u><u>\$ 1,278,214</u></u>

See Accompanying Notes to Financial Statements

NATIONAL GAY PILOTS ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For The Years Ended December 31, 2022 and 2021

	2022			2021		
	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total
Support and revenue						
Events	\$ 805,971	\$ -	\$ 805,971	\$ 90,810	\$ -	\$ 90,810
Contributions	480,842	299,523	780,365	349,956	95,028	444,984
Membership dues	223,327	-	223,327	183,831	-	183,831
Other	12,106	-	12,106	15,132	-	15,132
Dividend and interest income	-	9,451	9,451	-	7,536	7,536
Realized/unrealized gain or loss	-	(84,854)	(84,854)	-	17,903	17,903
PPP Loan Forgiveness	-	-	-	26,762	-	26,762
Net assets released from restriction	270,675	(270,675)	-	89,713	(89,713)	-
Total support and revenue	<u>1,792,921</u>	<u>(46,555)</u>	<u>1,746,366</u>	<u>756,204</u>	<u>30,754</u>	<u>786,958</u>
Expenses:						
Program services	1,485,341	-	1,485,341	292,025	-	292,025
General and administrative	336,901	-	336,901	194,218	-	194,218
Total expenses	<u>1,822,242</u>	<u>-</u>	<u>1,822,242</u>	<u>486,243</u>	<u>-</u>	<u>486,243</u>
Change in net assets	(29,321)	(46,555)	(75,876)	269,961	30,754	300,715
Net assets - beginning of year	550,665	523,133	1,073,798	280,704	492,379	773,083
Net assets - end of year	<u>\$ 521,344</u>	<u>\$ 476,578</u>	<u>\$ 997,922</u>	<u>\$ 550,665</u>	<u>\$ 523,133</u>	<u>\$ 1,073,798</u>

See Accompanying Notes to Financial Statements

NATIONAL GAY PILOTS ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2022 and 2021

	2022			2021		
	Program Services	General and Administrative	Total	Program Services	General and Administrative	Total
Professional fees	\$ -	\$ 44,202	\$ 44,202	\$ -	\$ 25,818	\$ 25,818
Marketing	-	52,722	52,722	-	13,569	13,569
Program expenses	-	1,453	1,453	-	-	-
Office expense	-	7,475	7,475	-	4,913	4,913
Finance charges	-	45,761	45,761	-	30,153	30,153
Insurance	-	-	-	-	3,048	3,048
Conference, education and meetings	1,362,191	-	1,362,191	259,740	-	259,740
Rent	-	9,451	9,451	-	6,467	6,467
Salaries	-	175,165	175,165	-	110,121	110,121
Magazine and publications	123,150	-	123,150	32,285	-	32,285
Miscellaneous	-	672	672	-	129	129
Total	<u>\$ 1,485,341</u>	<u>\$ 336,901</u>	<u>\$ 1,822,242</u>	<u>\$ 292,025</u>	<u>\$ 194,218</u>	<u>\$ 486,243</u>

See Accompanying Notes to Financial Statements

NATIONAL GAY PILOTS ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets:	\$ (75,876)	\$ 300,715
Adjustment to reconcile the change in net assets to net cash flows from operating activities:		
Realized/unrealized (gain)/loss	84,854	(17,903)
Change in assets and liabilities:		
Receivables	(109,670)	(53,905)
Prepaid expenses	(93,988)	(158,717)
Accounts payable and accrued expenses	173,583	29,552
Deferred revenue	167,319	167,990
Net cash flows from operating activities	<u>146,222</u>	<u>267,732</u>
Cash flows from investing activities		
Net change in Investments - restricted	<u>(9,448)</u>	<u>(3,832)</u>
Net cash flows from investing activities	<u>(9,448)</u>	<u>(3,832)</u>
Cash flows from financing activities		
Proceeds from PPP loan	<u>-</u>	<u>(9,736)</u>
Net cash flows from financing activities	<u>-</u>	<u>(9,736)</u>
Net change in cash and equivalents	136,774	254,164
Cash and equivalents - beginning of year	554,017	299,853
Cash and equivalents - end of year	<u>\$ 690,791</u>	<u>\$ 554,017</u>

See Accompanying Notes to Financial Statements

NATIONAL GAY PILOTS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

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 LGBTQ+ 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 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, 2019 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:

- Net assets without donor restriction represent the portion of net assets that are not subject to donor restrictions.
- Net assets with restriction arise from contributions that are restricted by donors for specific purposes or time periods.

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, 2022 and 2021

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. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization uses the allowance method to determine uncollectible, unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

Investments - Investments are carried at their fair market values based upon quoted market prices.

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.

NATIONAL GAY PILOTS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

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

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 net assets with restriction depending on the nature of restrictions. When a restriction expires, net assets with restriction are reclassified to net assets without restriction and reported in the statement of activity as satisfaction of donor restrictions.

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 November 14, 2023, which is the date the financial statements were available to be issued.

Revenue from contracts with customers – (Topic 606). This ASU provides a single principles based revenue recognition model with a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that an Organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization has analyzed the provisions of FASB's ASC Topic 606 and concluded that no changes are necessary to conform with the standard as of and for the year ended December 31, 2022 or 2021.

NATIONAL GAY PILOTS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

2. INVESTMENTS

Investments consist of the following at December 31:

	2022	2021
Cash	\$ 8,367	\$ 43,303
Mutual Funds	420,802	461,272
	<u>\$ 429,169</u>	<u>\$ 504,575</u>

Investment income is comprised of the following for the years ended December 31:

	2022	2021
Interest & dividends	\$ 9,451	\$ 7,536
Realized & unrealized gain/(loss) on investments	(84,854)	17,903
Total	<u>\$ (75,403)</u>	<u>\$ 25,439</u>

3. FAIR VALUE MEASUREMENTS

The Organization complies with the Accounting Standards Codification which defines fair value, establishes framework for measuring fair value and expands disclosure about fair value.

Fair value is determined using assumptions that market participants would use to determine the price of the asset or liability as opposed to measurements determined based upon information specific to the entity holding those assets and liabilities. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. To determine those market participant assumptions the Accounting Standards Codification establishes a hierarchy of inputs that the entity must consider including both independent market data and the entity's assumptions about the market participant assumptions. This hierarchy is as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Quoted prices in markets that are not active, as those quoted market prices included in level 1, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

NATIONAL GAY PILOTS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

3. FAIR VALUE MEASUREMENTS (continued)

Level 3: Unobservable inputs, used when there is little or no market activity, for the asset or liability at the measurement date. These inputs represent the entity's own assumptions about the assumptions that market participants would use to price the asset or liability.

The asset's or liability's fair value measurement level with-in the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value, including the general classification of such pursuant to the valuation hierarchy.

Mutual funds: valued at the quoted prices which are available in active markets for identical instruments.

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

All of the investments of the Organization are considered level 1 in the fair value hierarchy.

NATIONAL GAY PILOTS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

4. NET ASSETS

Net assets with restriction are restricted for the following purposes and December 31,

	2022	2021
University	\$ 31,800	\$ 7,091
Sustainability	24,075	21,675
Advocacy	4,617	2,420
Mentorship	1,033	1,033
Scholarships	415,053	490,914
	<u>\$ 476,578</u>	<u>\$ 523,133</u>

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

	2022	2021
Satisfaction of donor restrictions		
University	-	10,213
Scholarships	270,675	79,500
Total	<u>\$ 270,675</u>	<u>\$ 89,713</u>

5. CONTINGENCIES

The Organization received a two PPP loans for a total of \$26,762. Both loans were forgiven in 2021 and reported as a grant in the statement of activities and changes in net assets.

NATIONAL GAY PILOTS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

6. LIQUIDITY

The Organization has \$1,119,960 and \$1,058,592 of financial assets available within one year of the statement of financial position date, December 31, 2022 and 2021, respectively, to meet cash needs for general operating expenditures, consisting of cash and investments. The following reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use because of donor-imposed restriction within one year of the statement of financial position date.

	<u>2022</u>	<u>2021</u>
Financial assets, at year end	\$ 1,119,960	\$ 1,058,592
Less amounts with donor restrictions	(476,578)	(523,133)
Financial assets available, at year end	<u>\$ 643,382</u>	<u>\$ 535,459</u>

Management of the Organization reviews cash balances and cash use on a daily and weekly basis. Additionally, its Board of Directors and Finance Committee review the cash balance, and specifically, the months of cash on hand, monthly. The Organization uses a benchmark of three months of operating expenditures. At December 31, 2022 and 2021, the Organization had 4.2 and 12.6 months of financial assets available for future general operating expenditures, respectively.