



NATIONAL GAY PILOTS ASSOCIATION

FINANCIAL STATEMENTS

September 30, 2024 and 2023

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 September 30, 2024 and 2023 (Restated) and the related statements of activities and cash flows year ended September 30, 2024 and nine months ended September 30, 2023 (Restated), 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 September 30, 2024 and 2023 (Restated), and the changes in its net assets and its cash flows for the year ended September 30, 2024 and nine months ended September 30, 2023 (Restated) 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.

2023 Restatement

See Note 6 for a detailed explanation of the restatement of September 30, 2023 financial statements.

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.

Lewis & Mount LLC

Certified Public Accountants
August 12, 2025

NATIONAL GAY PILOTS ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
September 30, 2024 and 2023

	2024	Restated 2023
ASSETS		
Current assets		
Cash and equivalents	\$ 589,114	\$ 391,396
Contribution receivable	58,389	39,400
Prepaid expenses	38,599	83,807
Total current assets	686,102	514,603
Investments - restricted	528,238	442,132
Total assets	\$ 1,214,340	\$ 956,735
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 36,402	\$ 34,936
Deferred Revenue	8,480	-
Total current liabilities	44,882	34,936
Net assets		
Net assets without donor restriction	464,098	333,486
Net assets with donor restriction	705,360	588,313
Total net assets	1,169,458	921,799
Total liabilities and net assets	\$ 1,214,340	\$ 956,735

See Accompanying Notes to Financial Statements

NATIONAL GAY PILOTS ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For The Year Ended September 30, 2024 and Nine Months Ended September 30, 2023

	2024			Restated 2023		
	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	\$ 826,983	\$ -	\$ 826,983	\$ 982,172	\$ -	\$ 982,172
Contributions	1,098,269	480,708	1,578,977	300,029	119,562	419,591
Membership dues	282,118	-	282,118	196,725	-	196,725
Other	34,219	-	34,219	25,855	-	25,855
Dividend and interest income	-	16,282	16,282	-	9,391	9,391
Realized/unrealized gain or loss	-	73,448	73,448	-	3,475	3,475
Net assets released from restriction	453,391	(453,391)	-	20,693	(20,693)	-
Total support and revenue	<u>2,694,980</u>	<u>117,047</u>	<u>2,812,027</u>	<u>1,525,474</u>	<u>111,735</u>	<u>1,637,209</u>
Expenses:						
Program services	1,899,264	-	1,899,264	1,301,469	-	1,301,469
General and administrative	494,706	-	494,706	298,506	-	298,506
Fundraising	170,398	-	170,398	113,357	-	113,357
Total expenses	<u>2,564,368</u>	<u>-</u>	<u>2,564,368</u>	<u>1,713,332</u>	<u>-</u>	<u>1,713,332</u>
Change in net assets	130,612	117,047	247,659	(187,858)	111,735	(76,123)
Net assets - beginning of year	333,486	588,313	921,799	521,344	476,578	997,922
Net assets - end of year	<u>\$ 464,098</u>	<u>\$ 705,360</u>	<u>\$ 1,169,458</u>	<u>\$ 333,486</u>	<u>\$ 588,313</u>	<u>\$ 921,799</u>

See Accompanying Notes to Financial Statements

NATIONAL GAY PILOTS ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2024 and Nine Months Ended September 30, 2023

	2024				Restated 2023			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Professional fees	\$ -	\$ 52,586	\$ -	\$ 52,586	\$ -	\$ 30,530	\$ -	\$ 30,530
Marketing	-	56,723	-	56,723	-	55,296	-	55,296
Office expense	-	18,750	-	18,750	-	6,821	-	6,821
Finance charges	-	43,766	-	43,766	-	32,770	-	32,770
Insurance	-	12,974	-	12,974	-	-	-	-
Conference, education and meetings	1,781,899	-	154,948	1,936,847	1,204,254	-	104,718	1,308,972
Bad debt	7,400	-	-	7,400	5,000	-	-	5,000
Grants	-	-	-	-	2,500	-	-	2,500
Rent	-	13,871	-	13,871	-	8,292	-	8,292
Salaries	-	293,560	15,451	309,010	-	164,147	8,639	172,786
Magazine and publications	109,965	-	-	109,965	89,715	-	-	89,715
Miscellaneous	-	2,476	-	2,476	-	650	-	650
Total	\$ 1,899,264	\$ 494,706	\$ 170,398	\$ 2,564,368	\$ 1,301,469	\$ 298,506	\$ 113,357	\$ 1,713,332

See Accompanying Notes to Financial Statements

NATIONAL GAY PILOTS ASSOCIATION**STATEMENTS OF CASH FLOWS**

For the Year Ended September 30, 2024 and Nine Months Ended September 30, 2023

	<u>2024</u>	<u>Restated 2023</u>
Cash flows from operating activities		
Change in net assets:	\$ 247,659	\$ (76,123)
Adjustment to reconcile the change in net assets to net cash flows from operating activities:		
Realized/unrealized (gain)/loss	(73,448)	(3,475)
Change in assets and liabilities:		
Receivables	(18,989)	131,175
Prepaid expenses	45,208	168,858
Accounts payable and accrued expenses	1,466	(175,073)
Deferred revenue	8,480	(335,309)
Net cash flows from operating activities	<u>210,376</u>	<u>(289,947)</u>
Cash flows from investing activities		
Net change in Investments - restricted	<u>(12,658)</u>	<u>(9,448)</u>
Net cash flows from investing activities	<u>(12,658)</u>	<u>(9,448)</u>
Net change in cash and equivalents	197,718	(299,395)
Cash and equivalents - beginning of year	391,396	690,791
Cash and equivalents - end of year	<u>\$ 589,114</u>	<u>\$ 391,396</u>

See Accompanying Notes to Financial Statements

NATIONAL GAY PILOTS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2024 and 2023

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, 2021 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
September 30, 2024 and 2023

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
September 30, 2024 and 2023

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 August 12, 2025, 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 September 30, 2024 or 2023.

NATIONAL GAY PILOTS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2024 and 2023

2. INVESTMENTS

Investments consist of the following at September 30, 2024, and 2023:

	<u>2024</u>	<u>2023</u>
Cash	\$ 9,835	\$ 8,395
Mutual Funds and EFT's	518,403	433,737
	<u>\$ 528,238</u>	<u>\$ 442,132</u>

Investment income is comprised of the following for the year ended September 30, 2024 and nine months ended September 30, 2023:

	<u>2024</u>	<u>2023</u>
Interest & dividends	\$ 16,282	\$ 9,391
Realized & unrealized gain/(loss) on investments	73,448	3,475
Total	<u>\$ 89,730</u>	<u>\$ 12,866</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
September 30, 2024 and 2023

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
September 30, 2024 and 2023

4. NET ASSETS

Net assets with restriction are restricted for the following purposes as of September 30, 2024, and 2023, were as follows:

	<u>2024</u>	<u>2023</u>
University	\$ 74,238	\$ 42,926
Sustainability	28,880	26,275
Advocacy	7,657	5,897
Mentorship	1,033	1,033
Scholarships	591,552	510,182
Student Event Fund	2,000	2,000
	<u>\$ 705,360</u>	<u>\$ 588,313</u>

Net assets released from restriction for the year ended September 30, 2024 and nine months ended September 30, 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Satisfaction of donor restrictions		
Advocacy	\$ -	\$ -
University	450	-
Scholarships	452,941	20,693
Total	<u>\$ 453,391</u>	<u>\$ 20,693</u>

**NATIONAL GAY PILOTS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2024 and 2023**

5. LIQUIDITY

The Organization has \$1,117,352 and \$833,528 of financial assets available within one year of the statement of financial position date, September 30, 2024 and 2023, respectively, to meet cash needs for general operating expenditures, consisting of cash and investments. The following reflects the Organization's financial assets as of September 30, 2024 and 2023, reduced by amounts not available for general use because of donor-imposed restriction within one year of the statement of financial position date.

	2024	2023
Financial assets, at year end	\$ 1,117,352	\$ 833,528
Less amounts with donor restrictions	(705,360)	(588,313)
Financial assets available, at year end	\$ 411,992	\$ 245,215

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 September 30, 2024 and 2023, the Organization had 1.0 and 1.7 months of financial assets available for future general operating expenditures, respectively.

6. RESTATEMENT

The Organization restated the 2023 financial statements in the amount of \$252,705 due to prepaid expenses being adjusted down for event expenses which should have been expensed in 2023.