



NATIONAL GAY PILOTS ASSOCIATION

FINANCIAL STATEMENTS

December 31, 2020 & 2019

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, 2020 and 2019 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, 2020 and 2019 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.



Edina, Minnesota
October 26, 2021

NATIONAL GAY PILOTS ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash and equivalents	\$ 299,853	\$ 338,844
Contributions receivable	7,000	134,800
Prepaid expenses	-	53,605
Total current assets	<u>306,853</u>	<u>527,249</u>
Investments - restricted	482,840	429,799
Total assets	<u><u>\$ 789,693</u></u>	<u><u>\$ 957,048</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 6,874	\$ 23,278
PPP Loan	9,736	-
Total current liabilities	<u>16,610</u>	<u>23,278</u>
Net assets		
Net assets without donor restriction	280,704	495,148
Net assets with donor restriction	492,379	438,622
Total net assets	<u>773,083</u>	<u>933,770</u>
Total liabilities and net assets	<u><u>\$ 789,693</u></u>	<u><u>\$ 957,048</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, 2020 and 2019

	2020			2019		
	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	\$ 136,585	\$ -	\$ 136,585	\$ 399,794	\$ -	\$ 399,794
Contributions	249,984	135,985	385,969	449,470	115,225	564,695
Membership dues	124,867	-	124,867	104,396	-	104,396
Other	15,621	-	15,621	12,995	-	12,995
Dividend and interest income	-	8,808	8,808	-	9,974	9,974
Realized/unrealized gain or loss	-	44,235	44,235	-	41,107	41,107
Net assets released from restriction	135,271	(135,271)	-	69,397	(69,397)	-
Total support and revenue	662,328	53,757	716,085	1,036,052	96,909	1,132,961
Expenses:						
Program services	685,194	-	685,194	843,682	-	843,682
General and administrative	191,578	-	191,578	188,805	-	188,805
Total expenses	876,772	-	876,772	1,032,487	-	1,032,487
Change in net assets	(214,444)	53,757	(160,687)	3,565	96,909	100,474
Net assets - beginning of year	495,148	438,622	933,770	491,583	341,713	833,296
Net assets - end of year	\$ 280,704	\$ 492,379	\$ 773,083	\$ 495,148	\$ 438,622	\$ 933,770

See Accompanying Notes to Financial Statements

NATIONAL GAY PILOTS ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2020 and 2019

	2020		
	Program Services	General and Administrative	Total
Professional fees	\$ -	\$ 25,529	\$ 25,529
Marketing	-	11,377	11,377
Office expense	-	9,474	9,474
Finance charges	-	25,129	25,129
Insurance	-	3,404	3,404
Conference, education and meetings	609,814	-	609,814
Rent	-	6,575	6,575
Salaries	-	109,328	109,328
Magazine and publications	75,380	-	75,380
Miscellaneous	-	762	762
Total	<u>\$ 685,194</u>	<u>\$ 191,578</u>	<u>876,772</u>

	2019		
	Program Services	General and Administrative	Total
Professional fees	\$ -	\$ 26,908	\$ 26,908
Marketing	-	21,599	21,599
Office expense	-	9,536	9,536
Finance charges	-	25,306	25,306
Insurance	-	3,122	3,122
Conference, education and meetings	770,338	-	770,338
Grants	2,750	-	2,750
Rent	-	4,800	4,800
Salaries	-	97,055	97,055
Magazine and publications	70,594	-	70,594
Miscellaneous	-	479	479
Total	<u>\$ 843,682</u>	<u>\$ 188,805</u>	<u>\$ 1,032,487</u>

See Accompanying Notes to Financial Statements

NATIONAL GAY PILOTS ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets:	\$ (160,687)	\$ 100,474
Adjustment to reconcile the change in net assets to net cash flows from operating activities:		
Realized/unrealized (gain)/loss	(44,235)	(41,107)
Change in assets and liabilities:		
Contributions receivable	127,800	(47,199)
Promise to give	-	7,825
Prepaid expenses	53,605	(24,796)
Accounts payable and accrued expenses	(16,404)	13,019
Net cash flows from operating activities	<u>(39,921)</u>	<u>8,216</u>
 Cash flows from investing activities		
Net change in Investments - restricted	(8,806)	(48,106)
Net cash flows from investing activities	<u>(8,806)</u>	<u>(48,106)</u>
 Cash flows from financing activities		
Proceeds from PPP loan	9,736	-
Net cash flows from financing activities	<u>9,736</u>	<u>-</u>
 Net change in cash and equivalents	(38,991)	(39,890)
 Cash and equivalents - beginning of year	338,844	378,734
 Cash and equivalents - end of year	<u>\$ 299,853</u>	<u>\$ 338,844</u>

See Accompanying Notes to Financial Statements

NATIONAL GAY PILOTS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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 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, 2017 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, 2020 and 2019

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.

Promises to give - Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. 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, 2020 and 2019

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 October 26, 2021, which is the date the financial statements were available to be issued.

Adoption of new accounting standards – In May 2014, the FASB issued ASU 2017-09, *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 new standard as of and for the year ended December 31, 2020 or 2019.

NATIONAL GAY PILOTS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

2. INVESTMENTS

Investments consist of the following at December 31:

	2020	2019
Cash	\$ 9,300	\$ 8,160
Mutual Funds	473,540	421,639
	<u>\$ 482,840</u>	<u>\$ 429,799</u>

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

	2020	2019
Interest & dividends	\$ 8,808	\$ 9,974
Realized & unrealized gain/(loss) on investments	44,235	41,107
Total	<u>\$ 53,043</u>	<u>\$ 51,081</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, 2020 and 2019

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, 2020 and 2019

4. NET ASSETS

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

	2020	2019
University	\$ 506	\$ 5,090
Sustainability	8,000	2,700
Mentorship	1,033	1,033
Scholarships	482,840	429,799
	<u>\$ 492,379</u>	<u>\$ 438,622</u>

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

	2020	2019
Satisfaction of donor restrictions		
Advocacy	\$ 8,422	\$ 10,459
Aids LifeCycle	-	300
Scholarships	126,849	58,638
Total	<u>\$ 135,271</u>	<u>\$ 69,397</u>

5. CONTINGENCIES

In early March 2020, the COVID-19 virus was declared a global pandemic, and it unfortunately continues to spread rapidly. Business continuity, including supply chains and consumer demand across a range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. While the Organization expects this matter to negatively impact its operating results, the financial impact and duration cannot be reasonably estimated at this time. No adjustments have been made to these financial statements as a result of this uncertainty.

The Organization received a PPP loan in April 2020 in the amount of \$9,736. The entire amount was forgiven in 2021; therefore, the loan is recorded as a current liability on December 31, 2020.

NATIONAL GAY PILOTS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

6. LIQUIDITY

The Organization has \$782,693 and \$719,320 of financial assets available within one year of the statement of financial position date, December 31, 2020 and 2019, 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, 2020 and 2019, reduced by amounts not available for general use because of donor-imposed restriction within one year of the statement of financial position date.

	2020	2019
Financial assets, at year end	\$ 782,693	\$ 768,643
Less amounts with donor restrictions	(492,379)	(438,622)
Financial assets available, at year end	<u>\$ 290,314</u>	<u>\$ 330,021</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, 2020 and 2019, the Organization had 4.0 and 3.8 months of financial assets available for future general operating expenditures, respectively.