Consolidated Financial Statements and Report of Independent Certified Public Accountants

Aircraft Owners and Pilots Association and Affiliates

December 31, 2023 and 2022

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Aircraft Owners and Pilots Association and Affiliates

Opinion
We have audited the consolidated financial statements of Aircraft Owners and Pilots Association and Affiliates (the "Association"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2023 and 2022, and the results of its operations 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 of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 the Association 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date 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 consolidated 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 US 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 the 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Grant Thornton LLP

Arlington, Virginia
April 16, 2024

Aircraft Owners and Pilots Association and Affiliates

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 5,691,000	$ 4,508,000
Restricted cash	1,493,000	1,498,000
Contract fees and other receivables, net	942,000	1,247,000
Advertising and services receivables, net	317,000	345,000
Advances and prepaid expenses	1,519,000	2,329,000
Total current assets	9,962,000	9,927,000
Investments, at fair value	118,786,000	107,800,000
Property and equipment, net	9,154,000	10,083,000
Right-of-use assets - operating	2,737,000	2,856,000
Other assets	76,000	94,000
	130,753,000	120,833,000
Total assets	$ 140,715,000	$ 130,760,000
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 637,000	$ 409,000
Accrued expenses	4,155,000	4,709,000
Deferred revenue		
Membership dues and subscriptions	10,184,000	11,337,000
Other deferred revenue	3,815,000	3,356,000
Financing loan payable	158,000	459,000
Lease liabilities - operating	380,000	307,000
Other obligations	203,000	195,000
	19,532,000	20,772,000
Long-term obligations		
Lease liabilities - operating	2,752,000	2,883,000
Other obligations	2,914,000	2,871,000
Financing loan payable	1,889,000	2,048,000
	7,555,000	7,802,000
Total liabilities	27,087,000	28,574,000
Net assets without donor restrictions	113,628,000	102,186,000
Total liabilities and net assets	$ 140,715,000	$ 130,760,000

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

Aircraft Owners and Pilots Association and Affiliates

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended December 31,

	2023	2022
Revenue		
Program services		
Membership dues and subscriptions	$ 21,362,000	$ 22,705,000
Advertising fees	5,234,000	5,366,000
Commissions and royalties	4,773,000	4,948,000
Products and services	5,441,000	5,315,000
	36,810,000	38,334,000
Contributions, contracts, and grants	3,943,000	3,341,000
Other income	2,396,000	2,057,000
	43,149,000	43,732,000
Expense		
Program services		
Mission (Note A)	36,189,000	36,500,000
Products and services	7,048,000	6,296,000
	43,237,000	42,796,000
Support services		
General and administrative	3,651,000	3,840,000
Fundraising	896,000	755,000
	4,547,000	4,595,000
	47,784,000	47,391,000
Change in net assets from operating activities	(4,635,000)	(3,659,000)
Non-operating activities		
Return on investments, net	16,129,000	(17,801,000)
Total non-operating activities	16,129,000	(17,801,000)
Change in net assets from operating and non-operating activities, before income taxes	11,494,000	(21,460,000)
Income tax provision	52,000	78,000
CHANGE IN NET ASSETS	11,442,000	(21,538,000)
Net assets, beginning of year	102,186,000	123,724,000
Net assets, end of year	$ 113,628,000	$ 102,186,000

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

Aircraft Owners and Pilots Association and Affiliates

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2023

	Program Services			Supporting Services			
	Mission	Products and Services	Total	General and Administrative	Fundraising	Total	Total Expenses
Compensation and benefits	$ 20,081,000	$ 4,362,000	$ 24,443,000	$ 1,646,000	$ 104,000	$ 1,750,000	$ 26,193,000
Professional services and software fees	5,144,000	1,754,000	6,898,000	288,000	242,000	530,000	7,428,000
Production and distribution	3,679,000	308,000	3,987,000	125,000	363,000	488,000	4,475,000
Meetings, events, membership	3,740,000	217,000	3,957,000	7,000	96,000	103,000	4,060,000
Depreciation	1,116,000	125,000	1,241,000	575,000	12,000	587,000	1,828,000
Regulatory fees	1,281,000	273,000	1,554,000	198,000	37,000	235,000	1,789,000
Rentals and maintenance	900,000	6,000	906,000	812,000	42,000	854,000	1,760,000
Contributions	248,000	3,000	251,000	-	-	-	251,000
Total expenses reported by function	$ 36,189,000	$ 7,048,000	$ 43,237,000	$ 3,651,000	$ 896,000	$ 4,547,000	$ 47,784,000

The accompanying notes are an integral part of this consolidated financial statement.

Aircraft Owners and Pilots Association and Affiliates

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2022

	Program Services			Supporting Services			
	Mission	Products and Services	Total	General and Administrative	Fundraising	Total	Total Expenses
Compensation and benefits	$ 20,062,000	$ 3,942,000	$ 24,004,000	$ 1,677,000	$ 82,000	$ 1,759,000	$ 25,763,000
Professional services and software fees	4,666,000	1,419,000	6,085,000	281,000	91,000	372,000	6,457,000
Production and distribution	4,330,000	273,000	4,603,000	112,000	412,000	524,000	5,127,000
Meetings, events, membership	3,960,000	258,000	4,218,000	10,000	119,000	129,000	4,347,000
Depreciation	994,000	134,000	1,128,000	655,000	10,000	665,000	1,793,000
Regulatory fees	1,277,000	265,000	1,542,000	222,000	23,000	245,000	1,787,000
Rentals and maintenance	926,000	3,000	929,000	883,000	18,000	901,000	1,830,000
Contributions	285,000	2,000	287,000	-	-	-	287,000
Total expenses reported by function	$ 36,500,000	$ 6,296,000	$ 42,796,000	$ 3,840,000	$ 755,000	$ 4,595,000	$ 47,391,000

The accompanying notes are an integral part of this consolidated financial statement.

Aircraft Owners and Pilots Association and Affiliates

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 11,442,000	$ (21,538,000)
Adjustments to reconcile change in net assets to net cash, including restricted cash, used in operating activities:		
(Gain) loss on disposal of fixed assets	(55,000)	3,000
Unrealized (gain) loss	(13,591,000)	23,761,000
Realized gains	(2,207,000)	(5,520,000)
Reinvested dividends and interest, net	(622,000)	(598,000)
Investment expenses related to deferred compensation	290,000	158,000
Depreciation	1,827,000	1,787,000
Amortization	7,000	10,000
Changes in operating assets and liabilities:		
Receivables	333,000	159,000
Advances and prepaid expenses	803,000	249,000
Other assets	18,000	169,000
Right-of-use assets - operating	119,000	(2,856,000)
Accounts payable	228,000	(167,000)
Accrued expenses	(554,000)	182,000
Lease liabilities - operating	(58,000)	3,190,000
Deferred revenue	(694,000)	(288,000)
Other obligations	51,000	(39,000)
Net cash used in operating activities	(2,663,000)	(1,338,000)
Cash flows from investing activities:		
Proceeds from sale of investments	69,297,000	59,884,000
Purchases of investments	(64,153,000)	(57,155,000)
Proceeds from sale of fixed assets	338,000	-
Purchases of property and equipment	(1,181,000)	(1,573,000)
Net cash provided by investing activities	4,301,000	1,156,000
Cash flows from financing activities:		
Repayment on loans and leases	(460,000)	(741,000)
Net cash used in financing activities	(460,000)	(741,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,178,000	(923,000)
Cash and cash equivalents and restricted cash, beginning of year	6,006,000	6,929,000
Cash and cash equivalents and restricted cash, end of year	$ 7,184,000	$ 6,006,000
Supplemental disclosure of cash flow information:		
Interest paid during the year	$ 109,000	$ 139,000

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

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

The Aircraft Owners and Pilots Association ("AOPA"), a non-profit tax-exempt individual membership association, preserves the freedom to fly by fostering the health of general aviation worldwide, providing its members with high value products and services, and attracting the financial support to make it all happen.

The accompanying consolidated financial statements include the accounts of AOPA and its wholly owned taxable subsidiary AOPA Holdings Corporation ("AHC") and its affiliate AOPA Political Action Committee ("PAC") (collectively, the "Association"). AHC coordinates the delivery of products and services to AOPA members and pilots, provides marketing services related to the Association's products and services, and engages in business activities to provide support for AOPA's mission. AOPA's program services includes two programs: mission and product and services. AOPA's mission activities include advocacy and representation, publications, member engagement and member development. PAC is a federal political action committee that solicits contributions from donors and contributes to the political campaign of federal election candidates.

Basis of Accounting

The consolidated financial statements of the Association have been prepared on the accrual basis, which conforms to accounting principles generally accepted in the United States of America ("U.S. GAAP").

The consolidated financial statements include the accounts of AOPA and its affiliates. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Association considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents except for short-term investments managed by the Associations' investment manager as part of the long-term investment strategies.

Restricted Cash

Restricted cash includes PAC contributions of $1,493,000 and $1,498,000 at December 31, 2023 and 2022, respectively. The funds are restricted as to use by PAC federal campaign activities.

Concentration of Credit Risk

Financial instruments that potentially subject the Association to a concentration of credit risk include cash deposits, money market accounts and savings accounts with financial institutions. The Association's cash management policies limit its exposure to a concentration of credit risk by maintaining cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation ("FDIC").

From time to time, the Association maintains cash balances with financial institutions which may exceed federally insured limits. The Association has not experienced any credit losses and management does not consider this to be a significant risk. Amounts exceeding established FDIC limits at December 31, 2023 total approximately $7,700,000. These funds are maintained for traditionally high first-quarter funding requirements.

Liquidity

The Association's financial assets available for one year for general expenditures at December 31, 2023 and 2022 totaled $8,218,000 and $7,969,000, respectively. The financial assets are not subject to contractual restrictions that make them unavailable for general expenditures within one year. The accounts receivable is subject to implied time restrictions but are expected to be collected within one year. In addition, the Association currently holds investments with a redemption period of one year or less, excluding deferred compensation investments, totaling approximately $115,071,000 and $105,116,000 as of December 31, 2023 and 2022, respectively. It is the intention of management to hold investments in excess of one year; therefore, all investments are excluded from the liquidity table below.

	2023	2022
Cash and cash equivalents	$ 5,691,000	$ 4,508,000
Cash and cash equivalents - investments	106,000	979,000
Contract fees and other receivables, net	942,000	1,247,000
Money market funds - investments	1,162,000	890,000
Advertising and services receivables, net	317,000	345,000
Financial assets available within one year	$ 8,218,000	$ 7,969,000

Investments

The Association reports investments in money market funds, mutual funds, bond-backed mutual funds, and alternative investments at fair value.

Investment gains and losses, net of management fees, are included in the consolidated statements of activities and changes in net assets and are reported as non-operating activity.

Legal Service Plan

The Association provides a Legal Service Plan through the Pilot Protection Service whereby enrolled members receive certain legal services in connection with aviation tax matters, aviation contractual issues, and alleged violations of regulations as administered by the Federal Aviation Administration. Revenues are recognized on a pro-rata basis over the period of Pilot Protection Service participation. At December 31, 2023 and 2022, $380,000 and $395,000, respectively, was accrued for estimated claims and related costs under the plan.

Net Assets

Net assets without donor restrictions are a result of operations and, accordingly, are available to meet the general operating needs of the Association.

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support in the consolidated statements of activities.

Revenue Recognition

The Association recognizes revenue from contracts with customers when control of the promised goods or services are transferred to outside parties in an amount that reflects the consideration the Association expects to be entitled to in exchange for those goods or services.

A description of the Association's revenue categories from contracts with customers follows:

- Membership dues, subscriptions, and products and services revenues are recognized over the period that member services are provided.
- Advertising fees are recognized in the period in which the advertisements appear in the Association's media channels.
- Contract royalty and marketing fees are recognized over time as performance obligations are satisfied per each contract.
- Aviation Finance Brokerage commission income is recorded at the closing date of the loan or periodically as payments are received.
- Sponsorship revenue is considered earned when the Association has substantially met its obligations in accordance with the terms of sponsorship agreement.
- Educational revenue is recognized as training and educational courses are completed or after two years of enrollment, whichever is sooner.

The Association reports contributions and grants, including promises to give, as restricted support if they are received with donor stipulations that restrict the use of the donated assets. Conditional promises to give contain a right of return or right of release from obligation and are not recognized until all conditions are substantially met.

Accounts Receivable

The carrying value of the Association's receivables, net of the allowance for credit losses, represents their estimated net realizable value. The Association accrues an allowance for current expected credit losses based on (i) estimates of uncollectible revenues by analyzing accounts receivable aging and current and reasonable forecasts of expected economic factors including, but not limited to, unemployment rates and weather-related events, and (ii) historical collections and delinquencies. The Association writes off receivable balances against the allowance for credit losses when it is determined a receivable is uncollectible.

Advances and Prepaid Expenses

Payments in advance of the receipt of goods and services are recorded as advances and recognized as expense when the related goods and services are received.

Income Taxes

Under the provisions of the Internal Revenue Code (the "Code") Section 501(c)(4) and the applicable local income tax regulations, the Association is exempt on income other than unrelated business income and income derived from the taxable subsidiary AHC. For the years ended December 31, 2022, 2021, 2020, 2019 and 2018, the Association generated unrelated business income. Taxes associated with this are included within the consolidated tax provision.

Deferred income taxes are provided for temporary differences in the recognition of certain income and expenses for financial and tax reporting. These temporary differences relate to accrued expenses, net operating loss carryover, deferred compensation, contribution carryover, depreciation, and bad debt reserves.

PAC is an exempt organization under the Code Section 527.

The Association follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Association has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

The Association has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements

Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program costs charged to each program based on the direct costs charged to each program. The expenses are presented by natural classification and functional classification in the consolidated statement of functional expenses.

Use of Estimates

The preparation of consolidated financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Fair Value Measurements

Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. In accordance with ASC 820, the Association classifies its assets and liabilities into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which observable market inputs are readily available), and Level 3 (securities valued based on significant unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation methodologies and inputs used for assets measured at fair value, as well as the general classification pursuant to the valuation hierarchy. Investments in equity securities are valued at the quoted prices in an active market and are classified within Level 1 of the fair value hierarchy. When quoted prices are available in an active market, corporate debt securities are classified within Level 1 of the fair value hierarchy. Quoted prices in inactive markets are classified within Level 2. When quoted market prices are not available or accessible, the investments are classified within Level 3 of the fair value hierarchy and these fair values are estimated using pricing models, matrix pricing, or discounted cash flow models. The Association does not hold any corporate debt securities for which quoted market prices are not available or accessible.

The valuation methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date and that difference may be material to the Association's financial statements.

Measure of Operations

The change in net assets from operating activities reflected on the accompanying consolidated statements includes primarily activities closely related to mission and product and services functions of the Association. Amounts not included in the measure of operations consists of the net return on investments including realized and unrealized gains and losses.

New Accounting Pronouncements

On January 1, 2023, the Association adopted ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, or ASU No. 2016-13, using the modified retrospective approach. Following the adoption of the new standard, the Association's process of estimating expected credit losses remains materially consistent with its historical practice. Information prior to January 1, 2023, which was previously referred to as the allowance for doubtful accounts, has not been restated and continues to be reported under the accounting standards in effect for that period. The cumulative effect of adoption was immaterial to the Association's consolidated financial statements.

NOTE B - INVESTMENTS

The components of the Association's investment portfolio are as follows at December 31:

	2023	2022
Alternative investments	$ 78,707,000	$ 72,519,000
Common stock and mutual funds	18,904,000	29,653,000
Bond-backed mutual funds	12,036,000	3,759,000
Money market funds	1,162,000	890,000
Securities in-transit	7,871,000	-
Cash and cash equivalents	106,000	979,000
	$ 118,786,000	$ 107,800,000

Investments were measured at fair value as of December 31 based on the following levels of hierarchy:

	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2023				
Common stock and mutual funds	$ 18,904,000	$ 18,904,000	$ -	$ -
Bonds backed market funds	12,036,000	12,036,000	-	-
Money mutual funds	1,162,000	1,162,000	-	-
	32,102,000	32,102,000	-	-
Investment measured at NAV [a]	78,707,000	-	-	-
Cash and cash equivalents	106,000	-	-	-
	78,813,000	-	-	-
Securities in-transit	7,871,000	-	-	-
	$ 118,786,000	$ 32,102,000	$ -	$ -
2022				
Common stock and mutual funds	$ 29,653,000	$ 29,653,000	$ -	$ -
Bonds backed market funds	3,759,000	3,759,000	-	-
Money mutual funds	890,000	890,000	-	-
	34,302,000	34,302,000	-	-
Investment measured at NAV [a]	72,519,000	-	-	-
Cash and cash equivalents	979,000	-	-	-
	73,498,000	-	-	-
	$ 107,800,000	$ 34,302,000	$ -	$ -

[a] In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Money market funds, bond backed mutual funds, common stocks, and mutual funds: Valued at the closing price reported on the active market on which the individual (or similar) securities are traded.

Alternative investments: This category includes investments in commingled, hedge funds, or private equity funds, which are valued by applying the Association's ownership percentage in the partnership to the total value of the underlying investments of the fund.

The valuation methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date and that difference may be material to the Association's consolidated financial statements.

The table below presents additional information for the Association's investments, as of December 31, 2023, whose fair value is estimated using the practical expedient of reported net asset value ("NAV"). These disclosures are required for all investments that are eligible to be valued using the practical expedient as defined in ASU 2009-12, regardless of whether the practical expedient has been applied:

	Fair Value	Unfunded Commitments	Expected Liquidation Term	Redemption Terms	Redemption Restrictions	Redemption Restriction at December 31, 2023
Commingled	$ 15,805,000	$ -	Daily	Daily	Yes	Yes
Commingled	40,173,000	-	Monthly	Monthly	Yes	
Commingled	7,945,000	-	Quarterly	Quarterly	Yes	Yes
	$ 63,923,000	$ -				
Hedge funds [a]	$ 8,001,000	$ -	Quarterly	Quarterly	Yes	Yes
Hedge funds [a]	4,731,000	-	Annually	Annually	Yes	Yes
Hedge funds [a]	340,000	-	N/A	N/A	N/A	N/A
	$ 13,072,000	$ -				
Private equity [a]	$ 1,712,000	$ 1,821,000	N/A	N/A	N/A	N/A

[a] This class includes several commingled, hedge funds, or private equity funds that invest primarily in international and domestic equity securities to achieve capital appreciation. The fair values of the investments have been estimated by using the NAV per share of the funds.

The table below presents additional information for the Association's investments, as of December 31, 2022, whose fair value is estimated using the practical expedient of reported NAV. These disclosures are required for all investments that are eligible to be valued using the practical expedient as defined in ASU 2009-12, regardless of whether the practical expedient has been applied:

	Fair Value	Unfunded Commitments	Expected Liquidation Term	Redemption Terms	Redemption Restrictions	Redemption Restriction at December 31, 2022
Commingled	$ 17,883,000	$ -	Daily	Daily	Yes	Yes
Commingled	38,055,000	-	Monthly	Monthly	Yes	Yes
Commingled	1,886,000	-	Quarterly	Quarterly	Yes	Yes
	$ 57,824,000	$ -				
Hedge funds [a]	$ 1,136,000	$ -	Monthly	Monthly	Yes	Yes
Hedge funds [a]	6,691,000	-	Quarterly	Quarterly	Yes	Yes
Hedge funds [a]	5,052,000	-	Annually	Annually	Yes	Yes
Hedge funds [a]	246,000	-	N/A	N/A	N/A	N/A
	$ 13,125,000	$ -				
Private equity [a]	$ 1,570,000	$ -	N/A	N/A	N/A	N/A

[a] This class includes several commingled, hedge funds, or private equity funds that invest primarily in international and domestic equity securities to achieve capital appreciation. The fair values of the investments have been estimated by using the NAV per share of the funds.

Return on investments consisted of the following at December 31:

	2023	2022
Realized gains	$ 2,207,000	$ 5,520,000
Reinvested dividends and interest	1,073,000	1,166,000
Investment expenses relating to deferred compensation and retention arrangements	(290,000)	(158,000)
Investment fees	(452,000)	(568,000)
Unrealized gain (loss)	13,591,000	(23,761,000)
	$ 16,129,000	$ (17,801,000)

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and are depreciated using the straight-line method over estimated useful lives as follows:

Building and improvements	5 - 35 years
Aircraft	5 - 30 years
Equipment, vehicles and other	3 - 10 years

Property and equipment consisted of the following at December 31:

	2023	2022
Building and improvements	$ 14,453,000	$ 14,344,000
Equipment, vehicles and other	11,423,000	13,753,000
Aircraft	4,213,000	4,577,000
Land and improvements	1,279,000	1,279,000
Assets in progress	37,000	853,000
	31,405,000	34,806,000
Accumulated depreciation	(22,251,000)	(24,723,000)
	$ 9,154,000	$ 10,083,000

Depreciation expense was $1,828,000 and $1,787,000 for years ended December 31, 2023 and 2022, respectively.

Fixed assets with an original cost of $4,581,000 and accumulated depreciation of $4,299,000 were disposed of during 2023.

NOTE D - INCOME TAXES

The income tax provision consisted of the following for the years ended December 31:

	2023	2022
Current	$ 52,000	$ 78,000
	$ 52,000	$ 78,000

Deferred tax assets consisted of the following for the years ended December 31:

	2023	2022
Net operating losses	$ 404,000	$ 831,000
Accrued legal service plan	105,000	109,000
Other	91,000	115,000
Accrued paid time off and other payroll	22,000	22,000
Depreciation and amortization	1,000	1,000
Valuation allowance	(623,000)	(1,078,000)
	$ -	$ -

Income taxes paid totaled $51,000 and $17,000 for the years ended December 31, 2023 and 2022, respectively.

NOTE E - OTHER OBLIGATIONS

Short-term obligations consist of $203,000 and $195,000 for the legal service plan reserve for the years ended December 31, 2023 and 2022, respectively.

Long-term obligations consist of the following at December 31:

	2023	2022
AOPA lifetime memberships	$ 1,991,000	$ 2,219,000
Deferred compensation and retirement plan accruals	712,000	422,000
Legal service plan reserves	177,000	200,000
Other long-term accrued liabilities	34,000	30,000
	$ 2,914,000	$ 2,871,000

The Association amortizes the lifetime membership liability based on remaining life expectancy of the participant base, which is evaluated on an annual basis.

NOTE F - FINANCING

In July 2020, the Association entered into a discretionary demand line of credit note agreement with U.S. Bank National Association in the amount of $5,000,000 which is secured by investments. The Association did not draw on the line of credit as of December 31, 2022. In February 2019, the Association entered into a financing agreement with 1st Source Bank in the amount of $2,714,000 which is secured by the financed aircraft with an outstanding balance of $2,048,000 as of December 31, 2023. In July 2018, the Association converted its revolving Line of Credit (“LOC”) agreement with Bank of America, N.A. into a five-year term note. This loan was paid in full during the 2023.

At December 31, 2023, future minimum payments are as follows:

2024	$ 257,000
2025	257,000
2026	257,000
2027	257,000
2028	256,000
Thereafter	1,180,000
Total	2,464,000
Less: interest	(417,000)
	2,047,000
Less: current portion	(158,000)
Total long-term financing loan payable	$ 1,889,000

The Association entered into an interest rate swap agreement, with an effective date of February 25, 2019.

The Association agreed to swap its variable interest rate of one month of Secured Overnight Financing Rate ("SOFR") plus 2.16% for a fixed rate equal to 4.88%. The fair value of the interest rate swap agreement was recorded on the consolidated statements of financial position in long-term obligations and the change in fair value is recorded in the consolidated statements of activities as unrealized investment gains or losses.

As of and for the years ended December 31, 2023 and 2022, amounts included within the consolidated financial statements relating to the interest rate swap agreement are as follows:

Effective Date	Notational Amount	Rate	Termination Date	Fair Value at December 31, 2023	Fair Value at December 31, 2022
February 25, 2019	$ 2,048,000	4.88%	February 15, 2029	$ 65,000	$ 92,000

NOTE G - COMMITMENTS

The Association has non-cancelable operating leases for building space and equipment. The Association determines if an arrangement is a lease or contains a lease at a contract's inception. A contract is determined to be or contain a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Association has elected the practical expedient to not separate lease and non-lease components. The Association made the election to use the risk-free discount rate for a comparable term for all leases. The Association's lease agreements do not contain any residual value guarantees or material restrictive covenants and are based solely on fixed payment agreements.

The Association recognized and measured leases from the effective date on the statement of financial position although the lessor accounting remains substantially unchanged. The Association recognized an operating lease right of use (ROU) asset and operating lease liabilities at the effective date. The initial and subsequent lease liability is based on the present value of its future lease payments. The Association considered the likelihood of exercising renewal or termination terms in measuring its ROU assets and lease liabilities. After reviewing all contracts, the Association determined that there was no finance or short-term leases to disclose.

Total operating lease cost, net of sublease income, for the years ended December 31, 2023 and 2022 totaled $516,000 and $534,000, respectively. Supplemental quantitative information related to operating leases for the year ended December 31 is as follows:

	2023	2022
Cash paid for amounts included in the measurement of lease obligations	$ 379,000	$ 92,000
Weighted-average remaining lease term (expressed in years)	8.73	9.86
Weighted-average discount rate	1.86%	1.66%

Minimum future lease payments under non-cancelable leases having remaining terms in excess of one year as of December 31, 2023, are as follows:

Years Ending December 31,	
2024	$ 392,000
2025	373,000
2026	357,000
2027	363,000
2028	302,000
Thereafter	1,374,000
Total minimum lease payments	3,161,000
Less: effects of discounting	(29,000)
Present value of future minimum lease payments	$ 3,132,000

The Association entered into non-cancelable lease agreements, as landlord, relating to a commercial real estate property. The future rental receipts expected under the non-cancelable operating leases are as follows at December 31, 2023:

2024	$ 314,000
2025	226,000
2026	112,000
2027	94,000
2028	35,000
Total minimum lease receipts	$ 781,000

Lease costs associated with office space in the amount of $7,000 and $16,000, was amortized for the years ended December 31, 2023 and 2022, respectively. Leased costs are amortized over the life of the lease.

NOTE H - EMPLOYEE BENEFIT PLANS

Defined Contribution Plan

The Association provides its employees with an AOPA Employee's 401(k) Retirement Plan (the "DC Plan"). The supplemental contribution portion of the DC Plan can range from 2.5% to 10% of aggregated participants' eligible compensation at the discretion of the Board of Trustees. For the years ended December 31, 2023 and 2022, contribution expense under the DC Plan was $531,000 and $697,000, respectively.

The Association makes a matching contribution to the 401(k) portion of the DC Plan. For the years ended December 31, 2023 and 2022, matching contributions were $665,000 and $682,000, respectively.

Other Deferred Compensation Plan

The Association entered into various deferred compensation/retirement agreements with certain executives. For years ended December 31, 2023 and 2022, amounts due and funded under these arrangements totaled $665,000 and $440,000, respectively.

NOTE I - RELATED-PARTY TRANSACTIONS

Certain officers and trustees of AOPA Foundation, Inc. are also officers and trustees of the Association. The Association provides various administrative support and other services to AOPA Foundation, Inc. Charges for these services were $2,217,000 and $1,926,000 in 2023 and 2022, respectively. The Association received grants from the AOPA Foundation, Inc. in the amount of $1,500,000 and $1,500,000 in 2023 and 2022, respectively, which is included in the contributions, contracts, and grants line item on the consolidated statements of activities and changes in net assets. The amount due from the AOPA Foundation, Inc. at December 31, 2023 and 2022 was $523,000 and $800,000, respectively, and is included in accounts receivable in the consolidated statements of financial position.

NOTE J - SUBSEQUENT EVENTS

The Association evaluated its December 31, 2023 consolidated financial statements for subsequent events through April 16, 2024 the date the consolidated financial statements were available to be issued and concluded that there are no additional disclosures required.

SUPPLEMENTARY INFORMATION

Aircraft Owners and Pilots Association and Affiliates

CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended December 31, 2023

	AOPA	Consolidated Affiliate, net of Eliminating Entries	AOPA Consolidated
Total revenue	$ 38,751,000	$ 4,398,000	$ 43,149,000
Total expenses	43,773,000	4,011,000	47,784,000
Operating expenses in excess of operating revenue before non-operating activities	(5,022,000)	387,000	(4,635,000)
Non-operating activities			
Return on investments, net	16,079,000	50,000	16,129,000
Total non-operating activities	11,057,000	437,000	11,494,000
Income tax provision	12,000	40,000	52,000
CHANGE IN NET ASSETS	11,045,000	397,000	11,442,000
Net assets, beginning of year	106,403,000	(4,211,000)	102,186,000
Net assets, end of year	$ 117,448,000	$ (3,814,000)	$ 113,628,000

This schedule should be read in conjunction with the accompanying financial statements and notes thereto and report of independent certified public accountants.