

Financial Statements and Report of
Independent Certified Public
Accountants

The AOPA Foundation, Inc.

December 31, 2025 and 2024

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
The AOPA Foundation, Inc.

Opinion

We have audited the financial statements of The AOPA Foundation, Inc. (a Maryland corporation) (the "Foundation"), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related 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 financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2025 and 2024, 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 of the 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 Foundation 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 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 the Foundation'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 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 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 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 Foundation'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 the Foundation'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

Washington, D.C.
May 5, 2026

The AOPA Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31,

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 4,806,000	\$ 4,871,000
Contribution receivables, net	1,893,000	2,416,000
Prepaid expenses	615,000	498,000
Investments, at fair value	63,657,000	53,359,000
Equipment, net	111,000	192,000
Charitable gift annuity assets	<u>251,000</u>	<u>265,000</u>
Total assets	<u>\$ 71,333,000</u>	<u>\$ 61,601,000</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 506,000	\$ 355,000
Accrued expenses	532,000	396,000
Deferred revenue	-	59,000
Charitable gift annuity obligations	<u>251,000</u>	<u>265,000</u>
Total liabilities	<u>1,289,000</u>	<u>1,075,000</u>
Net assets		
Without donor restrictions	25,589,000	21,196,000
With donor restrictions	<u>44,455,000</u>	<u>39,330,000</u>
Total net assets	<u>70,044,000</u>	<u>60,526,000</u>
Total liabilities and net assets	<u>\$ 71,333,000</u>	<u>\$ 61,601,000</u>

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

The AOPA Foundation, Inc.

STATEMENT OF ACTIVITIES

Year ended December 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions	\$ 3,889,000	\$ 7,624,000	\$ 11,513,000
Registration and exhibitor income	476,000	-	476,000
Endowment amounts appropriated for expenditure	155,000	-	155,000
Other income	60,000	-	60,000
Net assets released from restrictions	<u>7,347,000</u>	<u>(7,347,000)</u>	<u>-</u>
Total operating revenues	<u>11,927,000</u>	<u>277,000</u>	<u>12,204,000</u>
Expenses			
Program services			
Education	10,217,000	-	10,217,000
Supporting services			
Fundraising	423,000	-	423,000
General and administrative	<u>1,047,000</u>	<u>-</u>	<u>1,047,000</u>
Total operating expenses	<u>11,687,000</u>	<u>-</u>	<u>11,687,000</u>
Changes in net assets from operating activities	<u>240,000</u>	<u>277,000</u>	<u>517,000</u>
Non-operating activity			
Reclassification of net assets	(1,612,000)	1,612,000	-
Return on investments, net	5,765,000	3,391,000	9,156,000
Endowment amounts appropriated for expenditure	<u>-</u>	<u>(155,000)</u>	<u>(155,000)</u>
Changes in net assets from non-operating activities	<u>4,153,000</u>	<u>4,848,000</u>	<u>9,001,000</u>
CHANGE IN NET ASSETS	4,393,000	5,125,000	9,518,000
Net assets, beginning of year	<u>21,196,000</u>	<u>39,330,000</u>	<u>60,526,000</u>
Net assets, end of year	<u>\$ 25,589,000</u>	<u>\$ 44,455,000</u>	<u>\$ 70,044,000</u>

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

The AOPA Foundation, Inc.

STATEMENT OF ACTIVITIES

Year ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions	\$ 2,131,000	\$ 10,551,000	\$ 12,682,000
Contribution of nonfinancial asset	-	122,000	122,000
Contracts	630,000	-	630,000
Registration and exhibitor income	255,000	-	255,000
Endowment amounts appropriated for expenditure	801,000	-	801,000
Other income	66,000	-	66,000
Net assets released from restrictions	<u>8,666,000</u>	<u>(8,666,000)</u>	<u>-</u>
Total operating revenues	<u>12,549,000</u>	<u>2,007,000</u>	<u>14,556,000</u>
Expenses			
Program services			
Education	9,925,000	-	9,925,000
Supporting services			
Fundraising	521,000	-	521,000
General and administrative	<u>645,000</u>	<u>-</u>	<u>645,000</u>
Total operating expenses	<u>11,091,000</u>	<u>-</u>	<u>11,091,000</u>
Changes in net assets from operating activities	<u>1,458,000</u>	<u>2,007,000</u>	<u>3,465,000</u>
Non-operating activity			
Reclassification of net assets	(4,894,000)	4,894,000	-
Return on investments, net	3,610,000	2,635,000	6,245,000
Endowment amounts appropriated for expenditure	<u>(104,000)</u>	<u>(697,000)</u>	<u>(801,000)</u>
Changes in net assets from non-operating activities	<u>(1,388,000)</u>	<u>6,832,000</u>	<u>5,444,000</u>
CHANGE IN NET ASSETS	70,000	8,839,000	8,909,000
Net assets, beginning of year	<u>21,126,000</u>	<u>30,491,000</u>	<u>51,617,000</u>
Net assets, end of year	<u><u>\$ 21,196,000</u></u>	<u><u>\$ 39,330,000</u></u>	<u><u>\$ 60,526,000</u></u>

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

The AOPA Foundation, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2025

	Program Services		Support Services			Total Expenses
	Education	Total	Fundraising	General and Administrative	Total	
Compensation and benefits	\$ 3,042,000	\$ 3,042,000	\$ 153,000	\$ 559,000	\$ 712,000	\$ 3,754,000
Administrative support services	2,285,000	2,285,000	99,000	244,000	343,000	2,628,000
Professional and software fees	2,203,000	2,203,000	20,000	216,000	236,000	2,439,000
Grants	1,500,000	1,500,000	-	-	-	1,500,000
Meetings, events and membership	771,000	771,000	103,000	22,000	125,000	896,000
Production and distribution	334,000	334,000	48,000	5,000	53,000	387,000
Depreciation	81,000	81,000	-	-	-	81,000
Rentals and maintenance	1,000	1,000	-	1,000	1,000	2,000
Total expenses reported by function	<u>\$ 10,217,000</u>	<u>\$ 10,217,000</u>	<u>\$ 423,000</u>	<u>\$ 1,047,000</u>	<u>\$ 1,470,000</u>	<u>\$ 11,687,000</u>

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

The AOPA Foundation, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2024

	Program Services		Support Services			Total Expenses
	Education	Total	Fundraising	General and Administrative	Total	
Compensation and benefits	\$ 2,841,000	\$ 2,841,000	\$ 155,000	\$ 346,000	\$ 501,000	\$ 3,342,000
Administrative support services	2,309,000	2,309,000	149,000	185,000	334,000	2,643,000
Professional and software fees	2,004,000	2,004,000	34,000	59,000	93,000	2,097,000
Grants	1,500,000	1,500,000	-	-	-	1,500,000
Meetings, events and membership	823,000	823,000	40,000	2,000	42,000	865,000
Production and distribution	376,000	376,000	52,000	3,000	55,000	431,000
Regulatory fees	13,000	13,000	90,000	50,000	140,000	153,000
Depreciation	58,000	58,000	-	-	-	58,000
Rentals and maintenance	1,000	1,000	1,000	-	1,000	2,000
Total expenses reported by function	<u>\$ 9,925,000</u>	<u>\$ 9,925,000</u>	<u>\$ 521,000</u>	<u>\$ 645,000</u>	<u>\$ 1,166,000</u>	<u>\$ 11,091,000</u>

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

The AOPA Foundation, Inc.

STATEMENTS OF CASH FLOWS

Years ended December 31,

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 9,518,000	\$ 8,909,000
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized gains	(4,694,000)	(2,668,000)
Realized gains	(3,914,000)	(3,083,000)
Investment fees	209,000	187,000
Endowment contributions	(129,000)	(1,053,000)
Depreciation	81,000	58,000
Contribution of stock donations	(1,028,000)	(336,000)
Proceeds from stock donations without donor restrictions	665,000	163,000
Changes in operating assets and liabilities:		
Contribution receivables, net	523,000	251,000
Prepaid expenses	(117,000)	(181,000)
Accounts payable	151,000	(227,000)
Accrued expenses	136,000	51,000
Deferred revenue	(59,000)	59,000
Charitable gift annuity assets	(14,000)	(16,000)
Net cash provided by operating activities	<u>1,328,000</u>	<u>2,114,000</u>
Cash flows from investing activities		
Proceeds from sales of investments	29,884,000	45,208,000
Purchases of investments	(31,783,000)	(48,278,000)
Purchases of equipment	-	(172,000)
Net cash used in investing activities	<u>(1,899,000)</u>	<u>(3,242,000)</u>
Cash flows from financing activities		
Change in charitable gift annuity obligations	14,000	16,000
Proceeds from stock donations with donor restrictions	363,000	187,000
Endowment contributions	129,000	1,053,000
Net cash provided by financing activities	<u>506,000</u>	<u>1,256,000</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(65,000)</u>	<u>128,000</u>
Cash and cash equivalents, beginning of year	<u>4,871,000</u>	<u>4,743,000</u>
Cash and cash equivalents, end of year	<u>\$ 4,806,000</u>	<u>\$ 4,871,000</u>
Supplemental disclosure of cash flow information		
Contribution of nonfinancial asset	<u>\$ -</u>	<u>\$ 122,000</u>

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

The AOPA Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

The AOPA Foundation, Inc. (the “Foundation”), a non-profit tax-exempt organization, formed in 2007, was created to:

- Promote, advance and encourage aviation and airport safety and security and the research and testing in support thereof.
- Educate the public and users of the national air transportation system of the value and importance of general aviation.
- Encourage and support flight training of pilots to assure the future of general aviation.
- Lessen the burdens of federal, state, and local government in connection with the maintenance and advancement of general aviation, and aviation and airport safety and security.
- Assist other organizations in the conduct of similar activities.

Grants were made to support the following initiatives:

	2025	2024
Safety education and outreach	\$ 850,000	\$ 600,000
Growing the pilot population	350,000	525,000
Airport preservation	300,000	375,000
Total grants	\$ 1,500,000	\$ 1,500,000

The Foundation granted \$1,500,000 to AOPA, which includes support of the AOPA Air Safety Institute, the Airport Support Network and AOPA Outreach. The AOPA Air Safety Institute offers safety quizzes, seminars, flight instructor refresher clinics, webinars, and public service announcements. The Airport Support Network promotes, protects, and defends America’s community airports. AOPA Outreach produces regional events that provide educational exhibit programming at a grassroots level.

Basis of Accounting

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

Grants and Contribution Revenue and Net Assets

To ensure adherence with donor restrictions placed on the resources available to the Foundation, the Foundation’s accounts are maintained in accordance with the principles by which resources are classified for accounting and reporting into funds established according to their nature and purposes. In the financial statements, funds that have similar characteristics have been combined into two net asset categories: without donor restrictions and with donor restrictions.

- Net assets without donor restrictions are not restricted by donors, or the donor-imposed restrictions have expired.

The AOPA Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

As further discussed in the following Notes E and F, the Foundation's Board of Trustees has designated a portion of the net assets without donor restrictions as a board-designated endowment, which may be used to support operations in the event of unforeseen circumstances.

- Net assets with donor restrictions contain donor-imposed restrictions that permit the Foundation to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Foundation. The funds are expended either in their entirety or part as a result of the satisfaction of donor-imposed restriction(s).

The Foundation records grants and contributions, including promises to give, when they are received unconditionally, at fair value. Governmental grant revenue is recognized to the extent that allowable program expenditures have been incurred in accordance with the terms of the related agreement to which they pertain. The Foundation measures fair value of unconditional promises to give that are expected to be collected in future years at the present value of their estimated future cash flows. Conditional promises to give contain a right of return or right of release from obligation and are not recognized until all conditions (barriers) are substantially met.

Contributions that are received with donor stipulations that limit their use either through purpose or time restriction are recorded as revenue with donor restrictions. When donor restrictions expire, that is, when a time restriction expires, or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Foundation reserves an amount commensurate with historical collection activity and economic conditions or specifically against a pledge based on known circumstances. Contribution receivables are presented in the accompanying statements of financial position net of estimated uncollectible amounts.

The Foundation received a donated airplane, which was recognized as a contribution of nonfinancial asset with donor restrictions in the 2024 statement of activities at its estimated fair value. The airplane was sold shortly after receipt, and the sale price of \$122,000 was used to determine its fair value at the time of donation, as it represented the most observable market-based measurement available. The Foundation did not use the airplane for programmatic or operational purposes prior to its sale. The proceeds from the sale were restricted pursuant to donor restriction for the You Can Fly program and scholarships for pilots seeking advanced training. The Foundation did not receive any donated aircraft during the year ended December 31, 2025.

Cash and Cash Equivalents

The Foundation considers all highly liquid financial instruments with original maturities of three months or less when purchased to be cash equivalents, except for short-term investments managed by the Foundations' investment manager as part of its long-term investment strategies.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to a concentration of credit risk include cash deposits, money market accounts and savings accounts with financial institutions. The Foundation'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 Foundation maintains cash balances with financial institutions which may exceed federally insured limits. The Foundation has not experienced any credit losses and management does not consider this to be a significant risk.

The AOPA Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

Donor Concentration

During the years ended December 31, 2025, and 2024, approximately 35% of total contributions were received from one donor in 2025 and two donors in 2024. As of December 31, 2025 and 2024, approximately 69% and 24%, respectively, of total contributions receivable were due from these same donor(s) and are included in contributions receivable, net, in the accompanying statement of financial position.

Liquidity

The Foundation's financial assets available for one year for general expenditures at December 31, 2025 and 2024 totaled \$5,945,000 and \$8,227,000, respectively. The financial assets are not subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year. The net amount of contributions receivable included in the table below are subject to implied time restrictions, however are expected to be collected within one year and are unrestricted as to use.

In addition, the Foundation currently holds long-term investments totaling approximately \$62,646,000 and \$50,103,000 as of December 31, 2025 and 2024, respectively. Although a portion of these investments are redeemable within one year, they are primarily intended to be held for long-term investment purposes and therefore, are not considered available for general expenditure within one year. These amounts are not included in the liquidity table below.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 4,806,000	\$ 4,871,000
Cash and cash equivalents - investments	529,000	64,000
Money market funds - investments	482,000	3,192,000
Contributions receivable, net, due within one year	1,648,000	1,970,000
Less: contributions receivable with donor restrictions	<u>(1,520,000)</u>	<u>(1,870,000)</u>
Financial assets available within one year	<u>\$ 5,945,000</u>	<u>\$ 8,227,000</u>

Investments

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

Investment gains and losses, net of management fees, are included in the statement of activities and are reported as non-operating activity. Investment purchase and sale transactions are recorded on a trade date basis. Interest and dividends are recognized as earned.

Income Taxes

The Foundation 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 Foundation is exempt from federal income tax under Internal Revenue Code (the "Code") Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Foundation has processes presently in place to ensure the

The AOPA Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

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 Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the accompanying financial statements.

Functional Expense Allocation

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

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the 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 Foundation classifies its assets and liabilities into Level 1 (securities valued using quoted prices from active markets for identical assets as of the measurement date), 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 their classification pursuant to the valuation hierarchy. Investments in equity securities are valued at 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 such fair values are estimated using pricing models, matrix pricing, or discounted cash flow models. The Foundation 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 Foundation 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 Foundation’s financial statements.

Measure of Operations

The change in net assets without donor restrictions from operating activities reflected on the statement of activities includes primarily activities closely related to the educational, charitable, and administrative functions of the Foundation. Amounts not included in the measure of operations consist of return on investments, net amounts appropriated for expenditure in operations, pursuant to the Foundation’s spending policy, and other items that are considered unused or non-recurring in nature.

The AOPA Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

Reclassification of Net Assets

As a result of enhancements to the Foundation's internal review of its donor restricted activity during 2025, the Foundation identified a reclassification related to the classification of certain of its donor restricted net asset balances. As a result, the Foundation recorded a cumulative reclassification of net assets totaling \$1,612,000 during the year ended December 31, 2025 to properly present such net assets. The effect of the cumulative adjustment resulted in a decrease in net assets without donor restrictions and a corresponding increase in net assets with donor restrictions. The reclassification reflects accumulated endowment earnings and restricted contributions that remain subject to donor restrictions. The reclassification was recorded as a non operating reclassification of net assets in the accompanying 2025 statement of activities, and did not affect total net assets, revenues, expenses, or the total change in net assets for any prior period to which the correction pertained.

NOTE B - CONTRIBUTION RECEIVABLES

The Foundation's contribution receivables are expected to be received as follows at December 31:

	2025	2024
Less than one year	\$ 1,733,000	\$ 2,067,000
One to four years	276,000	479,000
	2,009,000	2,546,000
Less: Allowance for uncollectible receivables	(99,000)	(121,000)
Less: Present value discount	(17,000)	(9,000)
Total contribution receivables, net	\$ 1,893,000	\$ 2,416,000

The AOPA Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

NOTE C - INVESTMENTS

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

	2025	2024
Alternative investments	\$ 36,378,000	\$ 30,632,000
Common stock and mutual funds	16,722,000	16,029,000
Bond-backed mutual funds	9,546,000	3,442,000
Cash and cash equivalents	542,000	64,000
Money market funds	482,000	3,192,000
Securities in-transit	(13,000)	-
	<u>\$ 63,657,000</u>	<u>\$ 53,359,000</u>

Investments measured at fair value on a recurring basis are as follows as of December 31:

	2025	
	Level 1	Total
Common stock and mutual funds	\$ 16,722,000	\$ 16,722,000
Bond-backed mutual funds	9,546,000	9,546,000
Money market funds	482,000	482,000
	<u>\$ 26,750,000</u>	26,750,000
Alternative investments reported at NAV ^(a)		36,378,000
Cash and cash equivalents		542,000
Securities in transit		(13,000)
Total		<u>\$ 63,657,000</u>
	2024	
	Level 1	Total
Common stock and mutual funds	\$ 16,029,000	\$ 16,029,000
Bond-backed mutual funds	3,442,000	3,442,000
Money market funds	3,192,000	3,192,000
	<u>\$ 22,663,000</u>	22,663,000
Alternative investments reported at NAV ^(a)		30,632,000
Cash and cash equivalents		64,000
Total		<u>\$ 53,359,000</u>

^(a) In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the net asset value ("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 statements of financial position.

The AOPA Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

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, 2025, and 2024.

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

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

Cash and cash equivalents: This category includes holdbacks on sales of alternative investments at December 31, 2025, and 2024 that were reinvested in alternative investments in 2026 and 2025, respectively.

The table below presents additional information for the Foundation's alternative investments, as of December 31, 2025, and 2024, whose fair value is estimated using the practical expedient of reported NAV.

	2025			
	Number of Funds	Fair Value	Unfunded Commitments	Redemption Terms
Commingled ^(a)	3	\$ 8,440,000	\$ -	Daily
Commingled ^(a)	8	20,470,000	-	Monthly
Commingled ^(a)	1	1,489,000	-	Quarterly
Hedge funds ^(a)	6	4,001,000	-	Quarterly
Hedge funds ^(a)	3	1,978,000	-	Annually
Total alternative investments	21	\$ 36,378,000	\$ -	

	2024			
	Number of Funds	Fair Value	Unfunded Commitments	Redemption Terms
Commingled ^(a)	3	\$ 4,747,000	\$ -	Daily
Commingled ^(a)	8	19,628,000	-	Monthly
Commingled ^(a)	1	1,214,000	-	Quarterly
Hedge funds ^(a)	6	3,020,000	-	Quarterly
Hedge funds ^(a)	3	1,986,000	-	Annually
Hedge funds ^(a)	2	37,000	-	N/A
Total alternative investments	23	\$ 30,632,000	\$ -	

^(a) This class includes several commingled, or hedge 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 NAV per share of the funds.

The AOPA Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

Return on investments consists of the following for the years ended December 31:

	2025	2024
Realized gains	\$ 3,914,000	\$ 3,083,000
Reinvested dividends	524,000	425,000
Reinvested interest	233,000	256,000
Investment fees	(209,000)	(187,000)
Unrealized gains	4,694,000	2,668,000
	<u>\$ 9,156,000</u>	<u>\$ 6,245,000</u>

NOTE D - EQUIPMENT, NET

Equipment consists of the following at December 31:

	2025	2024
Software	\$ 341,000	\$ 341,000
Less: Accumulated depreciation	(230,000)	(149,000)
	<u>\$ 111,000</u>	<u>\$ 192,000</u>

Equipment is recorded at cost and are depreciated using the straight-line method. Depreciation totaled \$81,000 and \$58,000 in the years ended December 31, 2025, and 2024, respectively.

NOTE E - NET ASSETS WITHOUT DONOR RESTRICTIONS

The Foundation's net assets without donor restrictions at December 31, 2025, and 2024 totaled \$25,589,000 and \$21,196,000, respectively. Net assets without donor restrictions include amounts designated by the Foundation's Board of Trustees as a board-designated quasi-endowment of \$3,356,000 and \$2,797,000 at December 31, 2025, and 2024, respectively.

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

The Foundation's net assets with donor restrictions consist of the following at December 31:

	2025	2024
Subject to endowment spending policy and appropriation		
Educational programs	\$ 26,571,000	\$ 22,369,000
Subject to expenditure for specified purposes		
Growing the pilot population	17,228,000	16,779,000
Foundation operations upon receipt of legacy gifts	97,000	182,000
Safety	559,000	-
	<u>17,884,000</u>	<u>16,961,000</u>
Total net assets with donor restrictions	<u>\$ 44,455,000</u>	<u>\$ 39,330,000</u>

The AOPA Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

For the years ended December 31, 2025, and 2024, net assets of \$7,347,000 and \$8,666,000, respectively, were released from donor restrictions by incurring expenses satisfying donor-specified purposes, by the passage of time, or by the occurrence of other events as specified by donors. Of these amounts, \$7,347,000 and \$8,470,000, respectively, related to the fulfillment of donor-restricted purposes, and \$0 and \$196,000, respectively, were released for capital expenditures for the years ended December 31, 2025, and 2024, respectively.

Endowment

The Foundation's endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported as net assets with donor restrictions based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

Management and the Board of Trustees of the Foundation have interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (UPMIFA) to require the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. Based on this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In making decisions regarding the investment and appropriation of endowment appreciation, the Foundation considers long- and short-term needs of the Foundation in carrying out its charitable purpose, present and future financial requirements, and expected total return on investments, and general economic conditions.

Endowment Spending Policy

The Board of Trustees has established an endowment spending policy that permits annual spending of no less than 2% and no more than 4% of the endowment balance each year. The spending rate is determined using a three-year trailing average of endowment fair values, subject to the 2% minimum and 4% maximum.

Endowment Investment Policy

The Foundation's investments are managed in accordance with the Board-adopted Investment Policy Statement. Under this policy, assets are invested in a manner to satisfy the Foundation's long-term investment performance while assuming an appropriate level of investment risk.

Strategies Employed for Achieving Objectives

To achieve its long-term investment objectives, the Foundation utilizes a diversified investment strategy that includes a mix of equity, fixed income, and alternative investments.

Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the amount required to be maintained in perpetuity under donor stipulations or UPMIFA. As of December 31, 2025, there were no named endowment funds with a fair value of less than their original gift amount. As of December 31, 2024, one named endowment fund had a fair value that was \$6,000 below its original gift amount. The Foundation's policy is to refrain from appropriating amounts for expenditure from an endowment fund until the fair value of the fund exceeds the respective fund's original contribution amount.

The AOPA Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

The following illustrates endowment net asset composition by type of fund and the changes in endowment net assets for the year ended December 31:

	2025			Total
	Without Donor Restrictions	With Donor Restrictions		
		Accumulated Endowment Return	Endowment Principal	
Board-designated endowment fund	\$ 3,356,000	\$ -	\$ -	\$ 3,356,000
Donor-restricted endowment fund	-	10,874,000	15,697,000	26,571,000
Total funds	<u>\$ 3,356,000</u>	<u>\$ 10,874,000</u>	<u>\$ 15,697,000</u>	<u>\$ 29,927,000</u>
Endowment net assets, beginning of year	\$ 2,797,000	\$ 6,801,000	\$ 15,568,000	\$ 25,166,000
Reclassification of net assets	-	848,000	-	848,000
Investment return				
Interest and dividends	42,000	269,000	-	311,000
Net realized and unrealized gain on investments	517,000	3,111,000	-	3,628,000
Total investment return	559,000	3,380,000	-	3,939,000
Contributions received	-	-	129,000	129,000
Amounts appropriated for expenditure	-	(155,000)	-	(155,000)
Endowment net assets, end of year	<u>\$ 3,356,000</u>	<u>\$ 10,874,000</u>	<u>\$ 15,697,000</u>	<u>\$ 29,927,000</u>

The AOPA Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

The following illustrates endowment net asset composition by type of fund and the changes in endowment net assets for the year ended December 31:

	2024			
	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Endowment Return	Endowment Principal	
Board-designated endowment fund	\$ 2,797,000	\$ -	\$ -	\$ 2,797,000
Donor-restricted endowment fund	-	6,801,000	15,568,000	22,369,000
Total funds	<u>\$ 2,797,000</u>	<u>\$ 6,801,000</u>	<u>\$ 15,568,000</u>	<u>\$ 25,166,000</u>
Endowment net assets, beginning of year	\$ 2,589,000	\$ -	\$ 14,515,000	\$ 17,104,000
Reclassification of net assets	-	4,894,000	-	4,894,000
Investment return				
Interest and dividends	33,000	276,000	-	309,000
Net realized and unrealized gain on investments	279,000	2,328,000	-	2,607,000
Total investment return	312,000	2,604,000	-	2,916,000
Contributions received	-	-	1,053,000	1,053,000
Amounts appropriated for expenditure	(104,000)	(697,000)	-	(801,000)
Endowment net assets, end of year	<u>\$ 2,797,000</u>	<u>\$ 6,801,000</u>	<u>\$ 15,568,000</u>	<u>\$ 25,166,000</u>

NOTE G - CHARITABLE GIFT ANNUITIES

In April 2015, the Foundation purchased commercial single-premium immediate annuities from two insurance companies to fund its contractual life-income obligations to charitable gift annuity donors. The annuity contracts are recorded as assets on the statement of financial position, and the related obligation to annuitants is recorded as a liability. The liability was determined using the 2000CM mortality table and assumed interest rates of 1.6% to 4.2%. As of December 31, 2025 and 2024, the charitable gift annuity obligation totaled \$251,000 and \$265,000, respectively.

NOTE H - EMPLOYEE BENEFIT PLANS

The Foundation provides its employees with a defined supplemental contribution sharing and 401(k) plan (the "DC Plan"). Foundation contributions to 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 years ended December 31, 2025, and 2024, the supplemental contribution under the DC Plan on behalf of eligible employees by the Foundation totaled \$83,000 and \$63,000, respectively.

The Foundation makes a matching contribution to the 401(k) portion of the DC Plan. For the years ended December 31, 2025, and 2024, matching contributions totaled \$109,000 and \$89,000, respectively.

The AOPA Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

NOTE I - RELATED-PARTY TRANSACTIONS

Certain officers and trustees of the Foundation are also officers and trustees of the Aircraft Owners and Pilots Association (the "Association"). In addition to the grant that the Foundation provides to the Association, as discussed in Note A, the Association provides various administrative support services to assist the Foundation in fulfilling its purpose, for which the Foundation was charged \$2,644,000 and \$2,686,000 in 2025 and 2024, respectively. The amount payable to the Association as of December 31, 2025, and 2024 totaled \$452,000 and \$235,000, respectively, and is included in accounts payable in the accompanying statements of financial position.

NOTE J - ALLOCATION OF JOINT COSTS

The Foundation conducts activities to distribute information related to its mission and to appeal for funds. The joint costs incurred through these activities for the years ended December 31, are allocated as follows:

	<u>2025</u>	<u>2024</u>
Education	\$ 2,285,000	\$ 2,309,000
Fundraising	<u>423,000</u>	<u>521,000</u>
Total joint costs	<u>\$ 2,708,000</u>	<u>\$ 2,830,000</u>

NOTE K - SUBSEQUENT EVENTS

The Foundation evaluated its financial statements for subsequent events through May 5, 2026, the date the financial statements were available to be issued. The Foundation is not aware of any subsequent events which would require additional recognition or disclosure in the accompanying financial statements as of December 31, 2025.