

COPA SAFETY AND EDUCATION FOUNDATION

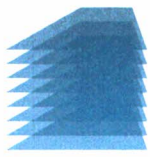
**REPORT ON
CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2019

COPA SAFETY AND EDUCATION FOUNDATION

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS:	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 11



INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors
COPA Safety and Education Foundation

We have audited the accompanying consolidated financial statements of COPA Safety and Education Foundation (a nonprofit organization) and subsidiary, which comprise the consolidated statement of financial position as of December 31, 2019 and the consolidated related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of COPA Safety and Education Foundation as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Campbell Jones Cohen CPAs

Campbell Jones Cohen CPAs

Las Vegas, Nevada

November 5, 2020

COPA SAFETY AND EDUCATION FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Current Assets:

Cash and cash equivalents	\$	139,396	
Pledges receivable		3,728	
Prepaid expenses		10,737	
Total current assets		153,861	\$ 153,861

Property and Equipment, net (Note 3)		24,154	
---	--	--------	--

Total Assets		178,015	\$ 178,015
---------------------	--	---------	------------

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$	24,845	
Credit cards payable		4,381	
Related party transactions (Note 1)		78,479	
Deferred revenue (Note 6)		1,675	
Total current liabilities		109,380	\$ 109,380

Net Assets: (Note 4)

Without donor restrictions		68,635	
With donor restrictions		-	
Total net assets		68,635	68,635

Total Liabilities and Net Assets		178,015	\$ 178,015
---	--	----------------	------------

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

COPA SAFETY AND EDUCATION FOUNDATION

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities			
Revenue and Other Support:			
CPPP income	\$ 424,442	\$ -	\$ 424,442
European event income	46,448	-	46,448
Sponsorship income	5,500	-	5,500
Donations	163,158	-	163,158
Other income	6,329	-	6,329
Special event income	34,301	-	34,301
Total revenue and other support	680,178	-	680,178
Expenses:			
Program services	641,517	-	641,517
Supporting services:			
Management and general	44,460	-	44,460
Fundraising	15,370	-	15,370
Total support services	59,830	-	59,830
Total expenses	701,347	-	701,347
Change in Net Assets from Operations	(21,169)	-	(21,169)
Non-Operating Activities:			
Interest income	111	-	111
Interest expense	-	-	-
Total non-operating activities	111	-	111
Change in Net Assets	(21,058)	-	(21,058)
Net Assets, Beginning of Year	89,693	-	89,693
Net Assets, End of Year	\$ 68,635	\$ -	\$ 68,635

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

COPA SAFETY AND EDUCATION FOUNDATION

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Pilot Training Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Accounting	\$ -	\$ 18,094	\$ -	\$ 18,094
Advertising	-	-	8,756	8,756
Bank charges	12,699	3,628	1,814	18,141
Depreciation	10,899	3,114	1,557	15,570
Information technology	10,248	2,928	1,464	14,640
Insurance	55	16	8	79
Occupancy	868	248	124	1,240
Office expense	1,855	6,957	464	9,276
Other expense	151	43	22	216
Postage and shipping	3,687	1,053	527	5,267
Printing and publication	20	6	3	28
Professional fees	38,875	-	-	38,875
Salary and wages	10,110	1,896	632	12,637
Taxes	2,577	1,104	-	3,681
Training event expenses	536,937	-	-	536,937
Travel	11,705	5,016	-	16,721
Meals	832	357	-	1,189
Totals	<u>\$ 641,517</u>	<u>\$ 44,460</u>	<u>\$ 15,370</u>	<u>\$ 701,347</u>

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

COPA SAFETY AND EDUCATION FOUNDATION

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash Flows From Operating Activities:

Change in net assets \$ (21,058)

Adjustments to reconcile change in net assets to net cash used by operating activities:

Depreciation 15,570

Increase (decrease) in pledges receivable (3,728)

Increase (decrease) in prepaid expenses (3,133)

(Increase) decrease in accounts payable 5,487

(Increase) decrease in credit cards payable 4,381

Increase (decrease) in related party transactions (54,000)

(Increase) decrease in deferred revenue 1,675

Net cash used by operating activities (54,806)

Net decrease in cash and cash equivalents (54,806)

Cash and cash equivalents, beginning of year 194,202

Cash and cash equivalents, end of year \$ 139,396

Supplemental Disclosure of Cash Flow Information

Amounts paid for interest and taxes for the year ended December 31, 2019 were \$0 and \$3,681, respectively.

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

COPA SAFETY AND EDUCATION FOUNDATION

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

COPA Safety and Education Foundation (or “the Organization”) is a non-profit 501 (c)(3) organization organized and incorporated under the laws of the state of Nevada. Its goal is to develop and promote education and safety for owners and pilots of Cirrus Aircraft. It has a disregarded entity called COPA Training, LLC. COPA Training (or “Training”) that conducts training courses across the country and internationally for Cirrus owners and pilots.

BASIS OF PRESENTATION

The financial statements of the COPA Safety and Education Foundation have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”), which require COPA Safety and Education Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of COPA Safety and Education Foundation’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of COPA Safety and Training Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial information of the COPA Safety and Education Foundation (Safety) and its financial interrelated entity, the COPA Training Foundation LLC (Training). The Training Foundation’s sole member is the Safety Foundation and therefore it is required to be consolidated with the Safety Foundation. All inter-organizational transactions have been eliminated.

MEASURE OF OPERATIONS

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to COPA Safety and Education Foundation Investments, ongoing activities and interest and dividends earned on investments. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

COPA SAFETY AND EDUCATION FOUNDATION

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE

The Organization considers all accounts receivable at December 31, 2019 to be fully collectible, and therefore has not established an allowance for doubtful accounts. If amounts become uncollectible, they will be charged to operations when that determination is made.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject COPA Safety and Education Foundation to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. COPA Safety and Education Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts.

DUE TO (FROM) RELATED PARTIES

The Organization is related to Cirrus Owners and Pilots Association (COPA), a membership organization for Cirrus owners and pilots. COPA Safety and Education conducts training programs that many COPA members choose to attend. The two organizations share a common board member, and administrative activities and expenses. Amounts reported as due to (from) related parties, included in the accompanying statements of financial position, arise principally from the collaborative activities between COPA Safety and Education Foundation and COPA to further the mission of the organizations. During 2019 COPA granted COPA Safety and Education Foundation, \$49,843 for expenses incurred in previous years. At December 31, 2019, COPA Safety and Education Foundation owed COPA \$78,479 for expenses incurred for collaborative activities. There are no specific repayment terms.

PROPERTY AND EQUIPMENT, NET

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from three to seven years. COPA Safety and Education Foundation's policy is to capitalize renewals and betterments acquired for greater than \$1,000 and expense normal repairs and maintenance as incurred. COPA Safety and Education Foundation's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

CONTRIBUTIONS

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and (or) nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

COPA SAFETY AND EDUCATION FOUNDATION

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS (continued)

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

IN-KIND DONATIONS

COPA Safety and Education Foundation received donated professional services and other advertising services of \$48,198 for the year ended December 31, 2019. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and program expenses on the accompanying statement of activities and statement of functional expenses.

FUNCTIONAL EXPENSES

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated amount program activities and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Accounting	Time and effort
Advertising	Time and effort
Bank charges	Time and effort
Depreciation	Time and effort
Information technology	Time and effort
Insurance	Time and effort
Occupancy	Time and effort
Office expense	Time and effort
Other expense	Time and effort
Postage and shipping	Time and effort
Printing and publication	Time and effort
Professional fees	Time and effort
Salary and wages	Time and effort
Taxes	Time and effort
Training event expenses	Time and effort
Travel	Time and effort
Meals	Time and effort

ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COPA SAFETY AND EDUCATION FOUNDATION

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

COPA Safety and Education Foundation is exempt from income tax under Internal Revenue Code section 501(c)(3), and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code; however, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income. COPA Safety and Education Foundation 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. COPA Safety and Education Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. COPA Safety and Education Foundation has adjusted the presentation of these statements accordingly.

The Organization has also adopted Accounting Standards Update (ASU) No. 2014-09 – *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

The Organization has also adopted ASU 2018-08, Not-for-Profit Entities (Topic 605) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Analysis of various provisions of these standards resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

NOTE 2 - AVAILABILITY AND LIQUIDITY

The following represents COPA Safety and Education Foundation financial assets at December 31:

Financial assets at yearend:	
Cash and cash equivalents	\$ 139,396
Pledges receivable	<u>3,728</u>
Total financial assets	143,124
Less amounts not available to be used within one year:	
Net assets with donor restrictions	-
Less net assets with purpose restrictions to be met in less than a year	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 143,124</u>

COPA SAFETY AND EDUCATION FOUNDATION

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - AVAILABILITY AND LIQUIDITY (CONTINUED)

COPA Safety and Education Foundation's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$15,000). As part of its liquidity plan, excess cash is invested in short-term investments including money market accounts and certificates of deposit.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

Property and equipment	\$ 77,852
Less: accumulated depreciation	<u>(53,698)</u>
Property and equipment, net	<u>\$ 24,154</u>

Depreciation expense for the year ending December 31, 2019 was \$15,570.

NOTE 4 - NET ASSETS

There were no net assets with donor restrictions for the year ending December 31, 2019.

Net assets without donor restrictions were as follows for the year ended December 31:

Undesignated	\$ 68,635
--------------	-----------

There were no net assets released from donor restrictions for the year ending December 31, 2019.

NOTE 6 - DEFERRED REVENUE

Deferred revenue represents revenue for future events collected in the current year which apply to the subsequent year. At December 31, 2019 deferred revenues related to future events amounted to \$1,675.

NOTE 7 - FOREIGN ACTIVITY

The Organization conducted activity outside of the United States in 2019. Purchases and receipts have been translated using an average exchange rate for the year for each currency at December 31, 2019, and the amount is immaterial. The organization did not have any foreign bank accounts during 2019.

NOTE 8 - DATE OF MANAGEMENT'S REVIEW

In December 2019, an outbreak of novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. declared a state of emergency. It is anticipated that these impacts will continue for some time. The future effects of this issue are unknown. COPA Safety and Education Foundation has cancelled substantially all events subsequent to March 15, 2020.

The Organization has evaluated subsequent events through November 5, 2020, which is the date the financial statements were available to be issued.