

**COPA SAFETY AND EDUCATION FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**WITH INDEPENDENT ACCOUNTANT'S REVIEW  
REPORT THEREON**

COPA Safety and Education Foundation  
Report Index  
December 31, 2023

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Independent Accountant's Review Report

To the Board of Directors of  
COPA Safety and Education Foundation  
Grayslake, Illinois

We have reviewed the accompanying consolidated financial statements of COPA Safety and Education Foundation (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, consolidated functional expenses and consolidated cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement whether due to fraud or error.

**Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of COPA Safety and Education Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Klesman & Company, P.C.*

May 1, 2024  
Palos Heights, IL

COPA Safety and Education Foundation  
Consolidated Statement of Financial Position  
December 31, 2023

**Assets**

Current assets:	
Cash and cash equivalents	\$ 177,229
Investments, at fair value	153,545
Pledges receivable, net	31,385
Other receivables	1,275
Prepaid expenses	<u>8,758</u>
 Total current assets	 372,192
 Property and equipment, net	 <u>106,866</u>
 Restricted investments, at fair value	 <u>25,151</u>
 Total assets	 <u>\$ 504,209</u>

**Liabilities and Net Assets**

Liabilities:	
Current liabilities:	
Accounts payable and accrued expenses	\$ 5,593
Credit card payable	150
Deferred revenue	<u>40,490</u>
 Total current liabilities	 46,233
 Net Assets:	
Without donor restrictions	432,825
With donor restrictions	<u>25,151</u>
 Total net assets	 <u>457,976</u>
 Total liabilities and net assets	 <u>\$ 504,209</u>

See accompanying notes and  
independent accountant's review report.

COPA Safety and Education Foundation  
Consolidated Statement of Activities  
December 31, 2023

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenue and other support:			
CPPP income	\$ 391,247	\$ -	\$ 391,247
Special event income	110,415	-	110,415
Donations	123,759	85,000	208,759
Other income	9,006	151	9,157
Net assets released from restrictions	<u>60,000</u>	<u>(60,000)</u>	<u>-</u>
Total revenue and other support	<u>694,427</u>	<u>25,151</u>	<u>719,578</u>
Expenses:			
Program services:	648,789	-	648,789
Supporting services:			
Management and general activities	32,235	-	32,235
Fundraising	<u>12,839</u>	<u>-</u>	<u>12,839</u>
Total expenses	<u>693,863</u>	<u>-</u>	<u>693,863</u>
Change in net assets	564	25,151	25,715
Net assets, beginning of year	<u>432,261</u>	<u>-</u>	<u>432,261</u>
Net assets, end of year	<u>\$ 432,825</u>	<u>\$ 25,151</u>	<u>\$ 457,976</u>

See accompanying notes and  
independent accountant's review report.

COPA Safety and Education Foundation  
Consolidated Statement of Functional Expenses  
December 31, 2023

	<u>Pilot Training</u> <u>Programs</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>	<u>Total</u> <u>Expenses</u>
Accounting	\$ -	\$ 17,112	\$ -	\$ 17,112
Advertising (Promotion & Marketing)	8,551	-	-	8,551
Auctioneer expense	-	-	7,328	7,328
COPA Training dean stipends	38,500	-	-	38,500
Credit card fees and bank charges	16,170	-	4,807	20,977
Depreciation expense	23,903	-	-	23,903
Information technology	4,082	-	-	4,082
Insurance	13,240	-	-	13,240
Office expense	533	-	-	533
Postage and shipping	9,288	387	-	9,675
Professional fees	60,000	14,736	-	74,736
Repairs and maintenance	11,250	-	-	11,250
Training event expenses	436,378	-	-	436,378
Travel	21,938	-	704	22,642
Meals	4,956	-	-	4,956
	<u>648,789</u>	<u>32,235</u>	<u>12,839</u>	<u>693,863</u>
Total functional expenses	<u>\$ 648,789</u>	<u>\$ 32,235</u>	<u>\$ 12,839</u>	<u>\$ 693,863</u>

See accompanying notes and  
independent accountant's review report.

COPA Safety and Education Foundation  
Consolidated Statement of Cash Flows  
December 31, 2023

Cash flows from operating activities:	
Net loss	\$ 25,715
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	23,903
Unrealized gain on investment	(3,696)
Changes in:	
Pledges receivable	(22,385)
Other receivable	(1,275)
Prepaid expenses	18,513
Accounts payable	(3,959)
Credit card payable	(89)
Deferred revenue	<u>(2,786)</u>
Net cash provided by operating activities	33,941
Cash flows used from investing activities:	
Purchase of simulators and related equipment	(44,279)
Purchase of investments	<u>(175,000)</u>
Net cash used by investing activities	<u>(219,279)</u>
Net decrease in cash and cash equivalents	(185,338)
Cash and cash equivalents, beginning of year	<u>362,567</u>
Cash and cash equivalents, end of year	<u>\$ 177,229</u>
<b>Other cash flow information:</b>	
Interest paid	<u><u>\$ -</u></u>

See accompanying notes and  
independent accountant's review report.

COPA Safety and Education Foundation  
Notes to the Consolidated Financial Statements  
December 31, 2023

Note 1. Summary of significant accounting policies

Description of Organization and nature of activities

COPA Safety and Education Foundation is a Minnesota not-for-profit corporation whose purpose is to develop and promote education and safety for owners and pilots of technically advanced aircraft (TAA). It also has a disregarded entity called COPA Training Foundation LLC that conducts training courses across the country and internationally for TAA aircraft owners and pilots. COPA Safety and Education Foundation is governed by a Board of Directors.

Principles of consolidation

The consolidated financial statements include the financial information of COPA Safety and Educational Foundation and COPA Training Foundation LLC, (collectively the “Organization”). COPA Training Foundation LLC is a single-member limited liability company whose sole member is COPA Safety and Educational Foundation. All inter-entity transactions have been eliminated in consolidation.

Basis of accounting and presentation

The Organization maintains its books using the accrual basis method of accounting and prepares its consolidated financial statements in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). U.S. GAAP requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor restrictions. These net assets may be used at the discretion of the Organization’s management and Board of Directors.

*Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor 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 consolidated statement of activities as net assets released from restrictions. Donor restricted contributions in which the restrictions are met in the same reporting period are reported as revenue without donor restriction.

COPA Safety and Education Foundation  
Notes to the Consolidated Financial Statements  
December 31, 2023

Note 1. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts or revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

The Organization considers all cash, money market accounts and highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

The Organization maintains cash balances at various banking institutions and, in the normal course of business the Organization will occasionally have amounts on deposit at financial institutions that exceeds the FDIC insured limit of \$250,000. The Organization has not experienced any losses in such accounts and management believes that the Organization is not exposed to any significant credit risk relating to cash and cash equivalents.

Investments and restricted investments

Investments primarily consist of cash, equities, exchange traded funds, mutual funds, corporate bonds, and government securities, and are recorded at fair value. The Organization maintains a diversified portfolio of investments to manage market and interest rate risks.

Net investment income, including realized and unrealized gains and losses, is included in the accompanying statement of activities. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Investment income with respect to restricted investments is reported as an increase in net assets with donor restrictions until the restrictions are met by their use.

Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could be material to the amounts reported in the financial statements.

COPA Safety and Education Foundation  
Notes to the Consolidated Financial Statements  
December 31, 2023

Note 1. Summary of significant accounting policies (continued)

Income tax status

COPA Safety and Education Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not subject to income tax under present income tax laws. In addition, there were no interest or penalties associated with income taxes recognized in the accompanying financial statements, nor were there any material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

The Organization prepares and files IRS Form 990, *Return of Organization Exempt from Income Tax*, annually with the Internal Revenue Service. Generally, tax returns may be examined by the IRS for three years after they are filed.

Functional allocation of expenses

The costs of program and supporting services have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and the supporting services benefited.

Revenue recognition and deferred revenue

The Organization recognizes revenue in the form of contributions received and revenues from training course attendance.

Contributions of cash, securities or other assets, from unconditional promises to give, or from notification of a bequest of a beneficial interest are recognized as revenue when received. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized as revenue until the conditions on which they depend have been met.

The Organization recognizes revenue from training class attendance when the class takes place. Training class revenue is paid in advance and recorded as deferred revenue until the class occurs. Training classes are generally opened for registration a few months before they occur, therefore, substantially all deferred revenue at December 31 of each year is recognized in the following year. In addition, training programs consist of ground school and flight training. Various weather-related issues and aircraft part shortages may affect flight training operations.

COPA Safety and Education Foundation  
Notes to the Consolidated Financial Statements  
December 31, 2023

Note 1. Summary of significant accounting policies (continued)

Pledges receivable

The Organization considers pledges receivable at December 31, 2023 to be fully collectible and has not established an allowance for doubtful accounts. If amounts become uncollectible, they will be charged to bad debt expense when that determination is made.

Property and equipment

Purchased property and equipment are stated at cost, less an allowance for depreciation and amortization. Donations of property and equipment are recorded as donations at their estimated fair value at the donation date. It is the Organization's policy to capitalize asset additions in excess of \$1,000. Lesser amounts are expensed. Depreciation and amortization of property and equipment is computed using the straight-line and amortization method based upon the estimated useful lives of the assets which range from three to seven years.

Advertising costs

The Organization expenses advertising costs as they are incurred.

Adoption of New Accounting Standard

On January 1, 2023, the Organization adopted FASB Accounting Standards Update 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable. There was no material impact on the Organization's results of operations or financial condition upon adoption of the new standard.

Note 2. Subsequent events

Management has evaluated subsequent events through May 1, 2024, the date that these consolidated financial statements were available to be issued.

COPA Safety and Education Foundation  
Notes to the Consolidated Financial Statements  
December 31, 2023

Note 3. Related party transactions and restricted net assets

COPA Safety and Education Foundation (“SEF”) conducts training programs that many of the Organization’s members and others choose to attend. SEF receives substantially all of its revenue from donations and from programs conducted through COPA Training Foundation, LLC (“CPPP”). Substantially all SEF donations are from members of a related organization, Cirrus Owners and Pilots Association (COPA, referred to as the “C7”). The two organizations are related through a common non-voting trustee of SEF.

SEF may occasionally receive grants or donations from C7. During 2023, C7 donated \$75,000 to SEF on an “at will” unrestricted basis and \$25,000 to SEF for a permanent restricted endowment for future SEF use. The C7 also donated a \$60,000 grant for an online video course production which was spent during 2023. In addition, during 2023, C7 arranged for SEF to receive proceeds from an auction held at their Migration event; auctioneer costs were paid by SEF.

Note 4. Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and cash equivalents	\$	177,229
Pledges receivable		31,385
Other receivables		1,275
Prepaid expense		8,758
Total financial assets		218,647

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 one year		-

Financial assets available to meet general expenditures \$ 218,647

In addition to the financial assets available to meet general expenditures described above, the Organization anticipates covering its general expenditures by conducting training classes. The Organization’s goal is to maintain financial assets sufficient to meet 90 days of operating expenses. Excess cash is invested in short-term investments, including money market accounts.

COPA Safety and Education Foundation  
Notes to the Consolidated Financial Statements  
December 31, 2023

Note 5. Investments

At December 31, 2023, investments were stated at fair value and consist of the following:

Unrestricted:	
Cash/currency	\$ 1,026
Government Securities	<u>152,519</u>
Total	153,545
Restricted:	
Cash/currency	38
Government Securities	<u>25,113</u>
Total	25,151
Grand total	<u><u>\$ 178,696</u></u>

Note 6. Property and equipment

Property and equipment consist of the following as December 31, 2023:

Property and equipment	\$ 233,198
Less accumulated depreciation and amortization	<u>126,332</u>
Property and equipment, net	<u><u>\$ 106,866</u></u>

Depreciation and amortization expense for the year ending December 31, 2023 was \$23,903.

Note 7. Fair value measurements

The Organization adopted the accounting standard that establishes a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. There were, however, no investments for 2023 that were valued using Level 3 inputs.

COPA Safety and Education Foundation  
Notes to the Consolidated Financial Statements  
December 31, 2023

Note 7. Fair value measurements, continued

Following is a description of the valuation methodologies used for investments measured at fair value on a recurring basis. There have been no changes in valuation methodologies.

Level 1: Based upon quoted market prices in active markets.

Level 2: The fair values of these investments are based on yields currently available on comparable securities of issuers with similar credit ratings, because prices in active markets are not available at the measurement date.

The 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, while the Organization believes that its valuation methods are appropriate and consistent with 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.

The following table presents the Organization's investments measured at fair value on a recurring basis and December 31, 2023:

	Fair Value Measurements at Reporting Date Using		
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Cash/currency	\$ 1,064	\$ 1,064	\$ -
Government Securities	<u>177,632</u>	<u>-</u>	<u>177,632</u>
	<u>\$ 178,696</u>	<u>\$ 1,064</u>	<u>\$ 177,632</u>

Note 8. Contributed services and in-kind contributions

Various vendors provide in-kind donations in support of the training, mission, or as door prizes for training participants. No amounts, however, have been reflected in the consolidated financial statements for these donations.

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

COPA Safety and Education Foundation  
Notes to the Consolidated Financial Statements  
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Note 9. Foreign activities

The Organization periodically conducts activities outside of the United States. Purchases and receipts from such activities are translated using an average exchange rate for the year in which the activities occur. The amount of such foreign activities during 2023 was immaterial. In addition, the Organization did not have any foreign bank accounts during 2023.

Note 10. Other Factors affecting CPPP attendance

CCPP programs consist of ground school and flight training. Various weather-related issues and aircraft part shortages may affect flight training operations.

Note 11. Auction

The Cirrus Owners and Pilots Association arranged for an auction time slot at their annual migration in October 2023. The SEF paid the auctioneers \$7,328 in expenses. The auction netted \$110,415 in proceeds to the SEF and has been presented on the statement of activities as special event income.



