

PILOTS TO THE RESCUE INC.
FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

PILOTS TO THE RESCUE INC.
FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

C O N T E N T S

| | <u>Page(s)</u> |
|---|----------------|
| INDEPENDENT AUDITOR'S REPORT | 1 - 2 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 3 |
| Statement of Activities and Changes in Net Assets | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| NOTES TO FINANCIAL STATEMENTS | 7 - 14 |



Focused on the road ahead

Tax, Audit & Advisory

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Pilots to the Rescue Inc.
Brooklyn, NY 11222

Opinion

We have audited the accompanying financial statements of Pilots to the Rescue Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pilots to the Rescue Inc. as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Pilots to the Rescue Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Pilots to the Rescue Inc.'s ability to continue as a going concern within one year after the date that 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Pilots to the Rescue Inc.'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 Pilots to the Rescue Inc.'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.

Cg Tax, Audit & Advisory

September 27, 2024
Tinton Falls, New Jersey

PILOTS TO THE RESCUE INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2023

ASSETS

CURRENT ASSETS

| | |
|---|---------------|
| Cash and Cash Equivalents | \$ 223,323 |
| Cash in Escrow | 137,155 |
| Contributions Receivable, net of allowance of \$0 | 240,412 |
| Short Term Investments | 1,241,130 |
| Prepaid Expenses | <u>15,204</u> |

| | |
|----------------------|------------------|
| Total Current Assets | <u>1,857,224</u> |
|----------------------|------------------|

| | |
|-----------------------------|------------------|
| Property and Equipment, net | <u>1,197,165</u> |
|-----------------------------|------------------|

OTHER ASSETS

| | |
|-----------------------|--------------|
| Annuity Contract | 38,243 |
| Long Term Investments | 10,841 |
| Security Deposit | <u>1,041</u> |

| | |
|--------------------|---------------|
| Total Other Assets | <u>50,125</u> |
|--------------------|---------------|

| | |
|--------------|---------------------|
| Total Assets | <u>\$ 3,104,514</u> |
|--------------|---------------------|

LIABILITES AND NET ASSETS

CURRENT LIABILITES

| | |
|---------------------------------------|--------------|
| Accounts Payable and Accrued Expenses | \$ 148,380 |
| Current Portion of Long Term Debt | 8,076 |
| Due to Related Party | <u>3,582</u> |

| | |
|---------------------------|----------------|
| Total Current Liabilities | <u>160,038</u> |
|---------------------------|----------------|

LONG-TERM LIABILITES

| | |
|--------------------------------------|----------------|
| Long Term Debt, less current portion | <u>277,793</u> |
|--------------------------------------|----------------|

| | |
|-------------------|----------------|
| Total Liabilities | <u>437,831</u> |
|-------------------|----------------|

NET ASSETS

| | |
|----------------------------|------------------|
| Without Donor Restrictions | <u>2,666,683</u> |
|----------------------------|------------------|

| | |
|------------------|------------------|
| Total Net Assets | <u>2,666,683</u> |
|------------------|------------------|

| | |
|----------------------------------|---------------------|
| Total Liabilities and Net Assets | <u>\$ 3,104,514</u> |
|----------------------------------|---------------------|

See Accompanying Notes and Independent Auditor's Report

PILOTS TO THE RESCUE INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2023

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------|
| SUPPORT AND REVENUE | | | |
| Contributions | \$ 3,009,917 | \$ - | \$ 3,009,917 |
| Royalty Income | 9,297 | - | 9,297 |
| Sweepstake Campaign | 295,766 | - | 295,766 |
| In-Kind Donation | 7,000 | - | 7,000 |
| Investment Return | 62,090 | - | 62,090 |
| Total Support and Revenue | <u>3,384,070</u> | <u>-</u> | <u>3,384,070</u> |
| EXPENSES | | | |
| Program Services | 1,690,339 | - | 1,690,339 |
| General and Administrative | 112,350 | - | 112,350 |
| Fundraising | 304,942 | - | 304,942 |
| Total Expenses | <u>2,107,631</u> | <u>-</u> | <u>2,107,631</u> |
| Change in Net Assets | 1,276,439 | - | 1,276,439 |
| Net Assets, Beginning of Year, as originally reported | 1,322,041 | - | 1,322,041 |
| Prior Period Adjustment | <u>68,203</u> | <u>-</u> | <u>68,203</u> |
| Net Assets, Beginning of Year, as restated | <u>1,390,244</u> | <u>-</u> | <u>1,390,244</u> |
| Net Assets, End of Year | <u>\$ 2,666,683</u> | <u>\$ -</u> | <u>\$ 2,666,683</u> |

See Accompanying Notes and Independent Auditor's Report

PILOTS TO THE RESCUE INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023

| | <u>Program Services</u> | <u>General and Administrative</u> | <u>Fundraising</u> | <u>Total</u> |
|------------------------------|-----------------------------|---------------------------------------|--------------------------|----------------------------|
| Salaries | \$ 121,875 | \$ 13,542 | - | \$ 135,417 |
| Payroll Taxes | 9,813 | 1,090 | - | 10,903 |
| Employee Benefits | 4,500 | 500 | - | 5,000 |
| Consultants and Contractors | 62,087 | 6,899 | - | 68,986 |
| Back-end Costs | 10,260 | 75 | 2,448 | 12,783 |
| Depreciation | 95,530 | 10,614 | - | 106,144 |
| Dues and Subscriptions | 13,844 | 632 | 2,085 | 16,561 |
| Equipment and Software | 25,222 | 705 | 4,826 | 30,753 |
| Flight Expenses | 92,792 | 10,310 | - | 103,102 |
| Charitable Contributions | 13,066 | 1,452 | - | 14,518 |
| Insurance | 28,055 | 3,117 | - | 31,172 |
| Interest | 15,449 | 1,717 | - | 17,166 |
| List Rentals | 13,333 | - | 3,501 | 16,834 |
| Mailhouse Expenses | 72,190 | 671 | 16,908 | 89,769 |
| Office Expenses | 38,613 | 3,607 | 1,572 | 43,792 |
| Postage | 364,100 | 10,685 | 68,490 | 443,275 |
| Printing | 179,309 | 1,139 | 43,217 | 223,665 |
| Professional Fees | 145,591 | 3,242 | 161,815 | 310,648 |
| Promotion | 111,361 | 12,374 | - | 123,735 |
| Rent and Utilities | 29,760 | 3,307 | - | 33,067 |
| Repairs and Maintenance | 134,826 | 14,621 | - | 149,447 |
| Supplies | 66,601 | 7,400 | - | 74,001 |
| Telephone and Communications | 1,319 | 147 | - | 1,466 |
| Travel and Meetings | 40,512 | 4,502 | - | 45,014 |
| Website | 331 | 2 | 80 | 413 |
| Total Expenses | <u>\$ 1,690,339</u> | <u>\$ 112,350</u> | <u>\$ 304,942</u> | <u>\$ 2,107,631</u> |

See Accompanying Notes and Independent Auditor's Report

PILOTS TO THE RESCUE INC.

STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2023

| | |
|---|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Changes in Net Assets | \$ 1,276,439 |
| Adjustments to Reconcile Change in Net Assets to Net Cash | |
| Provided by (Used In) Operating Activities: | |
| Depreciation | 106,144 |
| Amortization of Deferred Financing Costs | 902 |
| Non Cash Contribution | (7,000) |
| Increase in Annuity Cash Surrender Value | (2,073) |
| Gain on Investments | (62,090) |
| Changes in Operating Assets and Liabilities: | |
| Prepaid Expenses | (3,858) |
| Contributions Receivable | (172,209) |
| Due to Related Party | (80) |
| Security Deposit | (30) |
| Accounts Payable and Accrued Expenses | <u>61,403</u> |
| Net Cash Provided by (Used in) Operating Activities | <u>1,197,548</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Investment Purchases | (1,403,662) |
| Investment Sales | 952,913 |
| Withdrawal from Annuity | 3,201 |
| Purchase of Property and Equipment | <u>(593,235)</u> |
| Net Cash Provided by (Used in) Investing Activities | <u>(1,040,783)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Debt Repayments | <u>(30,728)</u> |
| Net Cash Provided by (Used in) Financing Activities | <u>(30,728)</u> |
| Net Increase in Cash and Cash Equivalents | 126,037 |
| Cash and Cash Equivalents, Beginning of Year | <u>234,441</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 360,478</u> |
| Supplemental Information: | |
| Interest Paid | <u>\$ 16,264</u> |
| Cash and Cash Equivalents | \$ 223,323 |
| Cash in Escrow | <u>137,155</u> |
| Total Cash and Cash Equivalents and Cash in Escrow | <u>\$ 360,478</u> |

See Accompanying Notes and Independent Auditor's Report

PILOTS TO THE RESCUE INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2023

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The Organization

Pilots to the Rescue Inc. (the Organization), formerly Animal Rescue Flight Inc., a non-profit organization, was incorporated in the State of New York on March 6, 2015.

The Organization's primary purpose is to prevent homeless pets from being euthanized and give them the best possible chance at a better life. The Organization utilizes air and ground efforts to transport at-risk animals from precarious situations so they can be adopted by loving homes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions 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 the Organization's management and the board of directors.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. There were no net assets with donor restrictions as of December 31, 2023.

Other donor restrictions are perpetual in nature, where by 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

Debt Issuance Costs

The Organization presents debt issuance costs as a reduction of the carrying amount of the debt. Amortization of debt issuance costs is reported in the statement of functional expenses as interest expense. Amortization of debt issuance costs for December 31, 2023 was \$902.

PILOTS TO THE RESCUE INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions are presented on the statement of activities in accordance with ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributions Nonfinancial Assets*, presenting contributed financial and nonfinancial assets separately within the financial statements. A contribution is an unconditional transfer of cash or other assets, as well as unconditional promises to give, to an entity or a reduction, settlement, or cancellation of its liabilities in a voluntary nonreciprocal transfer by another entity acting other than as an owner.

The Organization recognizes contributions when cash and other financial assets, nonfinancial assets/services, or unconditional promises to give are received. Nonfinancial donations are valued based upon the type of asset or service that is received. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to the meeting of these conditions are reported as refundable advances in the statements of financial position. At December 31, 2023, the Organization had \$240,412 of conditional pledges.

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as revenue with donor restrictions and increases in net assets with donor restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increases in net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Investment return, which consist of interest and dividends, unrealized gains/losses, realized gains/losses and investment fees, are recognized as revenue in the period earned or in the period they occur, depending on the type of return.

The Organization receives royalty income relating to donor list sharing done by a professional fundraiser with the Organization's approval. Revenue is recognized when the donor list has been sold by the professional fundraiser.

Cash and Cash Equivalents

The Organization considers all cash investments with an original maturity of three months or less to be cash equivalents.

The Organization receives funds from their third party professional fundraiser that must be held in escrow. The funds were presented as restricted cash held in escrow on the balance sheet. As of December 31, 2023, cash held in escrow was \$137,155.

Investments

Equities, certificate of deposits, mutual funds, and security investments are recorded at fair market value in the statement of financial position. Quoted market prices are used to determine market value. Gains and losses on investments are reflected in the statement of activities.

In addition, the Organization recognizes investment income when earned. Investments are reported in the financial statements at fair value. Investments include equities, certificate of deposits, mutual funds, and securities.

PILOTS TO THE RESCUE INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Donated investments are recorded as contributions at their fair market value on the date of receipt.

Marketing and Advertising

The Company expenses marketing and advertising costs as they are incurred. Marketing and advertising expenses for the year ended December 31, 2023 was \$123,755.

Prepaid Expenses

Prepaid expenses are expenses that have been paid in one year but have not yet been fully used or consumed at the end of the accounting period. Prepaid assets are amortized on a straight-line basis, matching the incurred expense to the appropriate service period.

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of three years or more. Property and equipment are stated at cost, less accumulated depreciation. Depreciation of equipment is computed by the straight-line method over estimated useful lives. Expenditures for repairs and maintenance are expensed as incurred and major renewals and betterments are capitalized.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates salaries and related expenses, consultants and contractors, and professional fees based on estimated time and effort.

Other expenses, such as back-end costs, insurance, office expenses, depreciation, mail-house expenses, rent and utilities, and printing, are allocated based on usage. The Organization classifies expenses which are not directly related to a specific program as general and administrative expenses.

Adoption of New Accounting Standard

In June 2016, FASB issued Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 significantly changes the impairment model for most financial assets and certain other instruments. ASU 2016-13 will require immediate recognition of estimated credit losses expected to occur over the remaining life of many financial assets, which will generally result in earlier recognition of allowances for credit losses on loans and other financial instruments. ASU 2016-13 is effective for the Organization's fiscal year beginning January 1, 2023 and subsequent interim periods. The adoption of ASU 2016-13 did not have a material impact on the Organization's financial statements.

Leases

The Organization recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. Lease cost for lease payments is recognized on a straight-line basis over the lease term. As of December 31, 2023, the Company had no leases that met the scope of FASB ASC 842, *Leases*.

PILOTS TO THE RESCUE INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Donated materials are recorded as contributions at their estimated fair values at the date of donation. During the year ended December 31, 2023, the Organization received equipment valued at \$7,000. This is included in fixed assets and like-kind exchange.

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition has not been satisfied.

NOTE 3 – CASH

Cash, as shown on the statements of financial position and cash flows, consisted of the following at December 31, 2023:

| | | |
|-------------------------------|----|----------------|
| Cash Held by the Organization | \$ | 223,323 |
| Cash Held by Escrow Agent | | 137,155 |
| | \$ | <u>360,478</u> |

The Organization is party to a fundraising contract with a professional fundraiser. The contract requires funds that are raised by the fundraiser to be held in escrow by a third-party agent until they are either spent on fundraising costs or remitted to the Organization.

NOTE 4 – FAIR VALUE MEASUREMENTS OF INVESTMENTS

The Financial Accounting Standards Board (FASB) requires enhanced disclosures about investments that are measured and reported at fair value. FASB establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices, or for which fair value can be measured from actively quoted prices, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories

- Level 1 – Investments falling within Level 1 of the fair value hierarchy are valued using inputs based upon quoted prices in active markets for identical investments. Investments that are typically included in Level 1 are listed equity securities, publicly traded mutual funds, and exchange-traded funds.
- Level 2 - Investments falling within Level 2 of the fair value hierarchy are valued using significant observable inputs other than prices quoted in active markets. Examples of Level 2 inputs are model-driven prices, quoted prices for similar investments in active markets, and quoted prices for identical or similar investments in inactive markets. Investments that are typically included in Level 2 are municipal bonds, corporate bonds, government debt securities, and certificates of deposit.

PILOTS TO THE RESCUE INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE 4 – FAIR VALUE MEASUREMENTS OF INVESTMENTS (Continued)

- Level 3 - Investments falling within Level 3 of the fair value hierarchy are valued using methodology that is unobservable and significant to the fair value measurement. Level 3 inputs require significant management judgment or estimation. Investments that are typically included in this category are investments in limited partnerships, and investments in private companies or unregistered securities.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following summarizes the valuation of the Organization's investments by the above fair value hierarchy levels as of December 31, 2023:

| | |
|---------|---------------------|
| Level 1 | \$ 1,251,971 |
| Level 2 | - |
| Level 3 | - |
| | <u>\$ 1,251,971</u> |

NOTE 5 – INVESTMENTS

Investments consisted of the following at December 31, 2023:

| | |
|--|--------------------|
| Exchange-Traded Funds | \$ 194,947 |
| Certificate of Deposits | 249,819 |
| Mutual Funds | 796,364 |
| U.S. Savings Bond | 10,841 |
| Total Fair Market Value | <u>1,251,971</u> |
| Less: Cost | <u>(1,140,842)</u> |
| Unrealized Appreciation/(Depreciation) | <u>\$ 111,129</u> |

Investments are recorded at fair market value. Quoted market prices are used to determine market value. Gains and losses on investments are reflected in the statement of activities.

Donated investments are recorded as contributions at their fair market value on the date of receipt.

NOTE 6 – ANNUITY CONTRACT

In December 2020, the Organization received a donation of an annuity contract. The Organization is the owner and beneficiary of the annuity and the Organization's Executive Director is the annuitant. The annuity earns interest based on an indexed rate and the Organization may make withdrawals as needed, subject to certain fees and restrictions. The Organization made total withdrawals of \$3,201 for the year ended December 31, 2023. The annuity is stated at its cash surrender value of \$38,243 for the year ended December 31, 2023.

PILOTS TO THE RESCUE INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment by major class consisted of the following at December 31, 2023:

| | | |
|--------------------------------|----|------------------|
| Airplanes | \$ | 1,320,341 |
| Vehicles | | 36,035 |
| Equipment | | 7,000 |
| Less: Accumulated Depreciation | | (166,211) |
| | \$ | <u>1,197,165</u> |

NOTE 8 – LOAN PAYABLE

In October 2022, the Organization signed a \$316,000 loan agreement and used the proceeds to purchase an airplane. The loan charges an annual interest rate of 5.99% and is collateralized by the airplane. Principal and interest are paid on a monthly basis and the loan matures in October 2042. As of December 31, 2023, the outstanding balance on the loan was \$285,869, net deferred financing costs of \$16,993.

As of December 31, 2023, minimum annual payments are due as follows:

| | | |
|------------|----|----------------|
| 2024 | \$ | 8,076 |
| 2025 | | 8,636 |
| 2026 | | 9,232 |
| 2027 | | 9,865 |
| 2028 | | 10,537 |
| Thereafter | | 239,523 |
| | \$ | <u>285,869</u> |

NOTE 9 – JOINT COSTS

The Organization achieves some of its programmatic, management, and general goals in direct mail campaigns that include requests for contributions. The costs associated with these solicitation activities include fundraising, program, and administrative expenses (collectively defined as joint costs). The total joint (allocated) costs for the year ended December 31, 2023 are as follows:

| | | |
|----------------------------|----|----------------|
| Program Services | \$ | 674,737 |
| General and Administrative | | 4,993 |
| Fundraising | | 160,992 |
| | \$ | <u>840,722</u> |

PILOTS TO THE RESCUE INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE 10 – CONCENTRATIONS

The Organization maintains its bank and investment accounts with financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. The Securities Investor Protection Corporation insures cash and securities, including money market funds, up to \$500,000 per financial institution. There were no balances of the accounts that exceeded the insured limits during the year ending December 31, 2023.

During the year ended December 31, 2023, Pilots to the Rescue Inc. recorded \$1,000,000 in revenue from a single donor which represents 29% of Pilots to the Rescue Inc.'s total unrestricted support and revenue in the year ended December 31, 2023.

NOTE 11 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, the Executive Director personally paid for certain Organization expenses. During 2023, \$80 was paid towards this balance. As of December 31, 2023, \$3,582 is due to the Executive Director for these charges.

NOTE 12 - LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover one year of general expenditures. Financial assets in excess of daily cash requirements are invested in cash and cash equivalents, fixed income and equity investments.

The following table reflects the Organization's financial assets as of December 31, 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

| | |
|---|---------------------|
| Cash and Cash Equivalents | \$ 223,323 |
| Cash Held in Escrow | 137,155 |
| Contributions Receivable, net of allowance | 240,412 |
| Investments | <u>1,241,130</u> |
| Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year | <u>\$ 1,842,020</u> |

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events were evaluated for potential additional disclosures through the date of the report, the date the financial statements were available to be issued.

PILOTS TO THE RESCUE INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE 14- INCOME TAXES

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under state of New Jersey charitable registration and investigation act of 1984. Accordingly, the financial statements do not reflect a provision for federal or state income taxes. The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such does not have any uncertain tax positions that are material to the financial statements at December 31, 2023. In addition, no income tax related penalties and/or interest have been recorded for the year ended December 31, 2023.

NOTE 15 – DEFINED CONTRIBUTION 401(K) PLAN

The Organization has a Safe Harbor 401k plan which covers all eligible employees. Employees may contribute to the Plan up to the Internal Revenue Service allowable limits. The Company makes contributions to the plan annually. For the year ended December 31 2023, the Company made contributions in the amount of \$5,000.

NOTE 16 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was recorded to opening equity during 2023 in order to correct an error from 2022. During 2022, the Organization noted that their December 31, 2022 statement of financial position understated contributions receivable and understated sales. As a result of the error a prior period adjustment was recorded to opening equity in the amount of \$68,203.