

**PILOT INTERNATIONAL, INC.**  
**INDEPENDENT AUDITOR'S REPORT**  
**AND FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

PILOT INTERNATIONAL, INC.  
MACON, GEORGIA

TABLE OF CONTENTS  
JUNE 30, 2020 AND 2019

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1-2
<b>FINANCIAL STATEMENTS</b>	
Statements of financial position.....	3
Statements of activities .....	4-5
Statement of functional expenses.....	6
Statements of cash flows.....	7
Notes to financial statements .....	8 - 14
<b>SUPPLEMENTAL INFORMATION</b>	
Schedule of activities – without donor restrictions .....	15



**INDEPENDENT AUDITOR'S REPORT**

To the Executive Committee  
Pilot International, Inc.

We have audited the accompanying financial statements of Pilot International, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the 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 audits. We conducted our audits 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 financial statements referred to above present fairly, in all material respects, the financial position of Pilot International, Inc. as of June 30, 2020 and 2019, 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.

## **Report on Summarized Comparative Information**

We have previously audited Pilot International's June 30, 2019 financial statements, and our report dated April 28, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of activities-without donor restrictions on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Macon, Georgia  
November 30, 2020



## **FINANCIAL STATEMENTS**

PILOT INTERNATIONAL, INC.

STATEMENTS OF FINANCIAL POSITION  
FOR THE YEARS ENDING JUNE 30, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
<u>Current assets</u>		
Cash and cash equivalents	\$ 651,472	\$ 671,106
Cash and cash equivalents- restricted	495,649	471,677
Prepaid expenses	9,661	149,859
Inventory	38,516	42,035
Total current assets	<u>1,195,298</u>	<u>1,334,677</u>
Property and equipment	2,154,916	2,134,871
Less: accumulated depreciation	(385,972)	(330,409)
Net property and equipment	<u>1,768,944</u>	<u>1,804,462</u>
<u>Other assets</u>		
Endowment	<u>788,384</u>	<u>736,942</u>
Total Assets	<u>\$ 3,752,626</u>	<u>\$ 3,876,081</u>

LIABILITIES AND NET ASSETS

<u>Current liabilities</u>		
Accounts payable	\$ 3,571	\$ 26,455
Accrued expenses	23,159	37,557
Deferred income	9,173	381,359
Total current liabilities	<u>35,903</u>	<u>445,371</u>
<u>Net assets</u>		
Without donor restrictions	2,432,690	2,222,091
With donor restrictions	<u>1,284,033</u>	<u>1,208,619</u>
Total net assets	<u>3,716,723</u>	<u>3,430,710</u>
Total liabilities and net assets	<u>\$ 3,752,626</u>	<u>\$ 3,876,081</u>

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

PILOT INTERNATIONAL, INC.

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Net Assets Without Donor Restrictions</u>		
Revenues and Support		
Member support		
Membership dues	\$ 442,189	\$ 375,549
Membership insurance	60,318	55,486
Membership fees	120	240
Membership initiation	8,903	12,210
Total member support	<u>511,530</u>	<u>443,485</u>
Convention revenue	<u>387,543</u>	<u>4,142</u>
Member services		
Catalog sales	57,330	32,407
Cost of sales	(37,402)	(29,044)
Gross profit	<u>19,928</u>	<u>3,363</u>
Other revenue		
Contributions	142,138	59,552
Management fees	5,470	-
Investment income, net	63,880	43,126
Other	6,354	3,264
Total other revenue	<u>217,842</u>	<u>105,942</u>
Total Revenues and Support	<u>1,136,843</u>	<u>556,932</u>
Net assets released from restriction	<u>119,321</u>	<u>131,492</u>
Total revenues, gains and other support without donor restrictions	<u>1,256,164</u>	<u>688,424</u>
Expenses		
Program services		
Pilot Clubs	197,635	266,882
Convention expenses	366,297	78,397
Anchor clubs	85,220	98,215
Founders	164,405	167,976
Total program services	<u>813,557</u>	<u>611,470</u>
Supporting services		
General & administrative	203,558	290,755
Executive committee	28,450	28,261
Total supporting services	<u>232,008</u>	<u>319,016</u>
Total expenses	<u>1,045,565</u>	<u>930,486</u>
Change in net assets without donor restrictions	<u>\$ 210,599</u>	<u>\$ (242,062)</u>

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

PILOT INTERNATIONAL, INC.

STATEMENTS OF ACTIVITIES  
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019  
 (CONTINUED)

	<u>2020</u>	<u>2019</u>
<u>Net assets with donor restrictions</u>		
Contributions	\$ 194,735	\$ 210,584
Net assets transferred to/(from) restrictions	<u>(119,321)</u>	<u>(131,492)</u>
Net change in net assets with donor restrictions	<u>75,414</u>	<u>79,092</u>
Increase (decrease) in net assets	286,013	(162,970)
Net assets, beginning of year	<u>3,430,710</u>	<u>3,593,680</u>
Net assets, end of year	<u>\$ 3,716,723</u>	<u>\$ 3,430,710</u>

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



PILOT INTERNATIONAL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR JUNE 30, 2019

	Program Services					Supporting Services				
	Pilot Club	Anchor Club	Convention	Founders	Total	General Administrative	Executive Committee	Total	2020	2019
Salaries and benefits	\$ 77,140	\$ 24,852	\$ 36,070	\$ 30,232	\$ 168,294	\$ 93,801	\$ -	\$ 93,801	\$ 262,095	\$ 449,559
Overhead	30,645	20,225	2,444	3,590	56,904	30,645	-	30,645	87,549	94,874
Audio visual	-	-	81,251	-	81,251	-	-	-	81,251	-
Awards and grants	-	-	-	34,315	34,315	-	-	-	34,315	35,342
Banking fees	-	-	-	-	-	7,225	-	7,225	7,225	13,142
Convention	-	6,138	31,110	-	37,248	-	-	-	37,248	1,820
Copying/printing expense	-	-	7,388	-	7,388	7,115	-	7,115	14,503	8,953
Decorations	-	-	1,473	-	1,473	-	-	-	1,473	-
Depreciation	19,390	12,835	1,611	2,278	36,114	19,447	-	19,447	55,561	56,788
District convention	5,195	-	-	-	5,195	-	-	-	5,195	8,185
Dues and subscriptions	-	-	-	-	-	236	-	236	236	1,440
Insurance	22,753	19,096	-	-	41,849	4,472	-	4,472	46,321	46,082
LOG	25,411	-	-	815	26,226	-	-	-	26,226	23,423
Marketing	4,488	-	-	-	4,488	-	-	-	4,488	28,875
Meals	-	-	130,422	-	130,422	-	-	-	130,422	-
Meetings	-	-	-	-	-	-	12,201	12,201	12,201	17,254
Miscellaneous	-	-	26,030	-	26,030	15,124	-	15,124	41,154	6,614
New Clubs	150	-	-	-	150	-	-	-	150	589
Postage	-	-	209	-	209	7,049	-	7,049	7,258	8,622
Program development	-	-	-	963	963	-	-	-	963	-
Recognition	-	849	-	-	849	-	-	-	849	1,049
Seed grants	-	1,225	-	-	1,225	-	-	-	1,225	2,500
Scholarships	-	-	-	92,211	92,211	-	-	-	92,211	78,129
Shipping	-	-	1,832	-	1,832	-	-	-	1,832	57
Speakers	-	-	5,556	-	5,556	-	-	-	5,556	-
Strategic	-	-	-	-	-	-	-	-	-	1,677
Supplies	-	-	1,790	-	1,790	9,620	463	10,083	11,873	13,916
Telephone	-	-	453	-	453	7,906	-	7,906	8,359	4,822
Translation	-	-	2,684	-	2,684	-	-	-	2,684	-
Travel	12,464	-	35,974	-	48,438	918	15,786	16,704	65,142	26,774
Total expenses	\$ 197,635	\$ 85,220	\$ 366,297	\$ 164,405	\$ 813,557	\$ 203,558	\$ 28,450	\$ 232,008	\$ 1,045,565	\$ 930,486

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

PILOT INTERNATIONAL, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDING JUNE 30, 2020 AND 2019

	2020	2019
<u>Cash Flows from Operating Activities</u>		
Revenues and support	\$ 907,950	\$ 1,087,695
Cash paid for:		
Program expenses	(651,560)	(798,350)
Supporting services	(232,008)	(319,016)
Net cash provided (used) by operating activities	24,382	(29,671)
 <u>Cash Flows from Investing Activities</u>		
Equipment purchased	(20,044)	-
Investment acquired	-	(92,177)
Cash provided (used) by investing activities	(20,044)	(92,177)
 Increase (decrease) in cash and cash equivalents	4,338	(121,848)
Cash and cash equivalents - beginning of year	1,142,783	1,264,631
Cash and cash equivalents - end of year	\$ 1,147,121	\$ 1,142,783
 <u>Reconciliation of cash and cash equivalents</u>		
Cash and cash equivalents	\$ 651,472	\$ 671,106
Cash and cash equivalents - restricted	495,649	471,677
 Total cash and cash equivalents	\$ 1,147,121	\$ 1,142,783
 <u>Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided (Used by) Operating Activities</u>		
Increase (decrease) in net assets	\$ 286,013	\$ (162,970)
 Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	55,562	56,788
Unrealized gains and losses on investments	(51,442)	1,813
(Increase) decrease in Inventory	3,519	(42,035)
(Increase) decrease in Prepaid expenses	140,198	(145,884)
Increase (decrease) in Accounts payable	(22,884)	(57,729)
Increase (decrease) in Accrued expenses	(14,398)	1,980
Increase (decrease) in Deferred income	(372,186)	318,366
Cash provided (used) by operating activities	\$ 24,382	\$ (29,671)

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

## **NOTES TO THE FINANCIAL STATEMENTS**

PILOT INTERNATIONAL, INC.  
MACON, GEORGIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Pilot International, Inc. ("Pilot") is a membership organization headquartered in Macon, Georgia, which provides member services to local Pilot Clubs located in the United States and abroad. Pilot's mission is to influence positive change throughout the world by encouraging brain safety and health and supporting those who care for others. Pilot's vision is a world where all are valued.

**Basis of Accounting**

The financial statements of Pilot have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 958. Under FASB ASC 958, the organization is required 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 the organization's management and 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 the organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**Comparative Financial Information**

The Statement of Functional Expenses includes certain prior year summarized comparative information in total but not as functional expense class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

**Use of Estimates**

Financial statements prepared in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

PILOT INTERNATIONAL, INC.  
MACON, GEORGIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019  
(CONTINUED)

**Cash and cash equivalents**

For purposes of the statements of cash flows, Pilot considers cash and highly liquid investments with an initial maturity of three months or less, which are not held for long term purposes or restricted by donors for endowment, to be cash equivalents.

**Investments**

Investments are reported at fair value. Unrealized gains and losses arising from changes in the fair value of the investments are reported in the statement of activities as increases or decreases in unrestricted net assets. Investment fees are reflected as a component of investment income.

**Property and Equipment**

Property and equipment are carried at cost, or, if donated, at fair market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are expensed as incurred, but any costs incurred that extend the useful lives are capitalized. Generally, items purchased with costs of \$500 or less are expensed regardless of life expectancy. Estimated useful lives are as follows:

Buildings & Improvements	40 years
Furniture & Equipment	3 to 10 years
Software	3 years

**Compensated Absences**

Full-time, permanent employees are granted vacation benefits. The accumulated vacation balances were \$14,578 and 30,578 for June 30, 2020, and June 30, 2019, respectively.

**Revenue Recognition**

Revenues are recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Organization expects to be entitled to receive in exchange for those goods and services. The Organization applies the five-step revenue model under FASB ASC 606, *Revenue from Contracts with Customers*, to determine when revenue is earned and recognized.

*Contributions and Grants*

The Organization records member support, cash contributions, and unconditional promises to give as revenue in the period received. Unconditional contributions are recorded at the net present value of the amounts expected to be collected. Conditional contributions are recognized as revenue when the conditions on which they depend are substantially met.

PILOT INTERNATIONAL, INC.  
MACON, GEORGIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019  
(CONTINUED)

The Organization records unconditional contributions as restricted revenue (i.e., net assets with donor restrictions) if they are received with donor stipulations that limit their use either through purpose or time. When the donors restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, restricted net assets are reclassified to net assets without donor restrictions, and reported in the statement of activities as net assets released from restrictions.

*Exchange Revenues*

The Organization recognizes revenue from educational programs, other programs and store sales when performance obligations are satisfied. The performance obligations are fulfilled, and revenue is recognized, when goods are transferred to the customer. Program fees paid in advance are recorded as deferred revenue and recognized when admission is delivered to the customer.

**Shipping and Handling**

Shipping and handling costs are expensed as incurred and are included in catalogue costs on the statement of activities.

**Functional allocation of expenses**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related costs have been allocated based on management's estimates of time spent on their assigned duties. Other expenses are allocated based on management's estimate of benefit provided to each function.

**New Accounting Pronouncement**

On June 21, 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update provides a framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. Pilot implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying consolidated financial statements under a modified prospective basis. Accordingly, there is no effect on the net assets in connection with our implementation of ASU 2018-08.

**NOTE 2 – CASH AND DEPOSITS**

Pilot International, Inc. maintains its cash balance in one financial institution. At certain times during the year balances in these accounts may exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC) of \$250,000. As of June 30, 2020, and June 30, 2019, the carrying amounts of Pilot's deposits were \$1,147,121 and \$1,142,783, respectively; and the bank balance was \$1,187,505 and \$1,196,634, respectively. The amount of uninsured deposits totaled \$937,505 and \$946,634 as of June 30, 2020 and 2019.

PILOT INTERNATIONAL, INC.  
MACON, GEORGIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019  
(CONTINUED)

**NOTE 3 – AVAILABILITY AND LIQUIDITY**

The Organization’s financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2020	2019
Cash	\$ 651,472	\$ 671,106

As part of the organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the organization plans to utilize its cash balance to fund various ongoing activities and projects within the next year.

**NOTE 4 – INVESTMENTS**

Investments consisted of the following:

	2020	2019
Cash	\$ 157,447	\$ 60,994
Open ended mutual funds	609,630	677,761
Total cost of investments	767,077	738,755
Unrealized gain (loss)	21,307	(1,813)
Investments at fair market value	\$ 788,384	\$ 736,942

Investment income consists of the following:

	2020	2019
Interest and dividends	\$ 42,573	\$ 44,939
Unrealized gain (loss) from investments	21,307	(1,813)
Total investment income	\$ 63,880	\$ 43,126

PILOT INTERNATIONAL, INC.  
MACON, GEORGIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019  
(CONTINUED)

**NOTE 5 – FAIR VALUE MEASUREMENTS**

Pilot's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Pilot believes its valuation methods are appropriate and consistent with other market participants, the use of difference 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 fair value measurement accounting literature 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 are unobservable and have the lowest priority. Pilot uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Pilot measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. As of this date, Pilot's investments are all classified as Level 1 investments. The fair values of open-end mutual funds are based on the closing price reported in the active market where individual securities are traded, when available.

**NOTE 6 – PROPERTY & EQUIPMENT**

Property and equipment consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 292,202	\$ 292,202
Building and improvements	1,823,856	1,809,441
Furniture and equipment	32,880	27,250
Software	5,978	5,978
	<u>2,154,916</u>	<u>2,134,871</u>
Less: accumulated depreciation	<u>(385,972)</u>	<u>(330,409)</u>
Property and equipment, net	<u>\$ 1,768,944</u>	<u>\$ 1,804,462</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$55,561 and \$56,788, respectively.



PILOT INTERNATIONAL, INC.  
MACON, GEORGIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019  
(CONTINUED)

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purposes:		
Brain Disorders	\$ 67,964	\$ 65,941
Goals for Grants and Scholarship Fund	427,799	411,674
Adams Deacon Scholarship Fund	60,094	60,094
Bob King Scholarship	15,627	15,401
Pilot Love Lights	8,974	8,974
Heritage Foundation Headquarters	13,837	13,837
Disaster Relief	2,120	2,120
Safe Harbor	70,520	61,806
Heritage Garden	18,250	16,275
100 Year Anniversary	71,349	32,500
Dreams Ahead Fund	13,538	13,238
Anchor Program	8,268	2,478
Pick Me Up Grant	205	1,474
Make-A-Wish	2,404	2,404
KC Anchor Scholarship	4,250	8,000
KC International Scholarship	10,000	10,000
Giving Tuesday	5,916	-
	<u>801,115</u>	<u>726,216</u>
Endowments:		
Subject to appropriation and expenditure for a specified purpose:		
Endowment	<u>482,918</u>	<u>482,403</u>
Total	<u>\$ 1,284,033</u>	<u>\$ 1,208,619</u>

PILOT INTERNATIONAL, INC.  
MACON, GEORGIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019  
(CONTINUED)

**NOTE 8 – ENDOWMENT**

The Endowment was established on February 9, 2002. The purpose of the Endowment is to provide funds for grants, scholarships and other programs of the Organization. The trustees directed unrestricted bequests, planned gifts and other donations for the initial funding of the Endowment.

See Note 4, for further details relative to these investments, of which \$482,918 and \$482,403 are original donor restricted perpetual gifts as of June 30, 2020 and 2019, respectively.

**NOTE 9 – RETIREMENT PLAN**

Pilot maintains a defined contribution plan for its employees. Employer contributions are 3% of the employee's salary. Pilot contributed \$537 and 4,068 to the plan during the years ended June 30, 2020 and 2019, respectively.

**NOTE 10 – INCOME TAXES**

Pilot is exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. For the year ended June 30, 2020, Pilot is taking the position that all income is derived as a result of its tax exempt purpose and there is no income derived from unrelated business activities. As a result, no tax liability has been recorded. Pilot believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Pilot's federal Return of Organization Exempt from Income Tax (Form 990) for 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they are filed.

**NOTE 11 – EVALUATION OF SUBSEQUENT EVENTS**

During March 2020, the Organization suspended its activities as a result of the COVID-19 pandemic and in compliance with city, state and federal recommendations. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak all of which are uncertain. Accordingly, the extent to which COVID-19 may impact our financial condition or results of operation cannot be determined.

The Organization has evaluated subsequent events through November 30, 2020, the date which the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

PILOT INTERNATIONAL, INC.

SCHEDULE OF ACTIVITIES - WITHOUT DONOR RESTRICTIONS  
FOR THE YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR JUNE 30, 2019

	PILOT CLUBS		ANCHOR CLUBS		COMBINED	
	2020	2019	2020	2019	2020	2019
<b>Revenues and Support</b>						
Member support						
Membership dues	\$ 376,098	\$ 303,470	\$ 66,091	\$ 72,079	\$ 442,189	\$ 375,549
Membership insurance	60,318	55,486	-	-	60,318	55,486
Membership fees	120	240	-	-	120	240
Membership initiation	8,903	12,210	-	-	8,903	12,210
Total member support	<u>445,439</u>	<u>371,406</u>	<u>66,091</u>	<u>72,079</u>	<u>511,530</u>	<u>443,485</u>
Convention revenue	<u>387,543</u>	<u>4,142</u>	<u>-</u>	<u>-</u>	<u>387,543</u>	<u>4,142</u>
Member services						
Catalog sales	57,330	32,407	-	-	57,330	32,407
Cost of sales	(37,402)	(29,044)	-	-	(37,402)	(29,044)
Gross profit	<u>19,928</u>	<u>3,363</u>	<u>-</u>	<u>-</u>	<u>19,928</u>	<u>3,363</u>
Other revenue						
Contributions	142,138	59,552	-	-	142,138	59,552
Management fees	5,470	-	-	-	5,470	-
Investment	63,880	43,126	-	-	63,880	43,126
Other	6,354	3,264	-	-	6,354	3,264
Total other revenue	<u>217,842</u>	<u>105,942</u>	<u>-</u>	<u>-</u>	<u>217,842</u>	<u>105,942</u>
Net assets released from restriction	<u>119,321</u>	<u>131,492</u>	<u>-</u>	<u>-</u>	<u>119,321</u>	<u>131,492</u>
Total Revenues and Support	<u>1,190,073</u>	<u>616,345</u>	<u>66,091</u>	<u>72,079</u>	<u>1,256,164</u>	<u>688,424</u>
<b>Expenses</b>						
Program services						
Pilot Clubs	197,635	266,882	-	-	197,635	266,882
Convention expenses	366,297	78,397	-	-	366,297	78,397
Founders	164,405	167,976	-	-	164,405	167,976
Anchor Clubs	-	-	85,220	98,215	85,220	98,215
Total program services	<u>728,337</u>	<u>513,255</u>	<u>85,220</u>	<u>98,215</u>	<u>813,557</u>	<u>611,470</u>
Supporting services						
General & administrative	203,558	290,755	-	-	203,558	290,755
Executive committee	28,450	28,261	-	-	28,450	28,261
Total	<u>232,008</u>	<u>319,016</u>	<u>-</u>	<u>-</u>	<u>232,008</u>	<u>319,016</u>
Total Expenses	<u>960,345</u>	<u>832,271</u>	<u>85,220</u>	<u>98,215</u>	<u>1,045,565</u>	<u>930,486</u>
Increase (decrease) in net assets	<u>\$ 229,728</u>	<u>\$ (215,926)</u>	<u>\$ (19,129)</u>	<u>\$ (26,136)</u>	<u>\$ 210,599</u>	<u>\$ (242,062)</u>

\* There is no allocation of supporting expenses between Pilot and Anchor. Accordingly, there is no separate presentation of net assets without donor restrictions.