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2022 NBAA ANNUAL REPORT



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YEAR IN REVIEW

A Milestone Year, New Opportunities to Define an Exciting Future



NBAA marked the 75th anniversary of its founding not only by honoring its proud and storied past, but also by continued advocacy on behalf of business aviation and fostering opportunities to advance, to innovate and to carry the industry boldly forward.

In remarks before the U.S. House Transportation and Infrastructure Committee's Aviation Subcommittee in July, NBAA President and CEO Ed Bolen emphasized the industry's commitment to addressing challenges – and defining opportunities – in the areas of safety and security, innovation, workforce and sustainability.

"NBAA and our partners in general aviation are sharply focused on reducing the sector's already minimal carbon footprint," Bolen stated, citing the association's strong support for expanded availability and use of sustainable aviation fuel (SAF). "As sustainable technologies advance, the business aviation community is committed to being a leader and an early adopter."

With Congress poised to debate a new round of funding authorization for the FAA in 2023, "Our industry looks forward to continued engagement as we develop policy solutions that safely embrace new aviation technologies and maintain the role of the United States as the world leader in aerospace," Bolen declared.

These topics were also in focus during a panel at the FAA's annual Global Leadership Meeting in November, at which Bolen reaffirmed business aviation's commitment to working with the FAA and others in addressing critical issues.

Bolen also pointed to an August White House summit on advanced air mobility (AAM) and unmanned aircraft systems (UAS), noting that the event demonstrated the many benefits these emerging technologies will provide in the U.S. and around the world.

"I applaud the White House for stepping forward and effectively saying AAM is a good thing," Bolen said. "It's going to create jobs, increase access and be affordable.

This is going to be good for our country, and it's going to be good for the world."

ENTHUSIASTIC RESPONSE TO THE RETURN OF ASSOCIATION EVENTS

The past year was also defined by the return of several NBAA events as global concerns about COVID-19 eased. These included NBAA's first regional forum of 2022, at Florida's Miami-Opa locka Executive Airport (OPF), which drew nearly 2,500 attendees to a show that featured a sold-out exhibit floor, 16 aircraft on display and a slate of informative education sessions.

In welcoming attendees to the regional forum, Bolen noted that the industry not only survived the pandemic, but has been thriving.

"Through the pandemic, business aviation's essential values and benefits didn't really change. We've always been about getting people where they need to be, when they need to be there, and doing it safely and securely," he said.

NBAA later hosted an equally successful regional forum in June at Westchester County Airport (HPN) in White Plains, NY.

Similarly, the first-in person NBAA Schedulers & Dispatchers Conference (SDC) since 2020 also energized the industry, with more than 2,500 attendees, enthusiastic exhibitors and a focus on the future.



More than 350 exhibitors were on hand for the event, which was held April 5-7 in San Diego, CA, with many taking a “Green Pledge” to help make the show more sustainable by conserving energy, utilizing reusable materials in their booths, reducing printed literature and more.

Dozens of education sessions and NBAA Professional Development Program courses held in conjunction with the 2022 Schedulers & Dispatchers Conference covered a wide range of topics, from safety management systems and international trip planning to tax issues and managing medical emergencies.

The industry’s appetite for forward-looking, in-person events was also evident at NBAA’s 2022 Maintenance Conference, which ran from May 3-5 in San Antonio, TX. More than 1,000 people attended the event, which featured more than 160 exhibitors.

“There were two takeaways from this year’s Maintenance Conference,” said NBAA Director, Environmental and Technical Operations Stewart D’Leon. “First, enthusiasm was palpable on the exhibit floor, as people were able to meet again, face-to-face. Second, we didn’t just get back together – we moved forward, with thought leadership on some of the most pressing issues confronting the maintenance profession.”



BUSINESS AVIATION’S FUTURE TAKES CENTER STAGE AT EBACE2022

Co-hosted by NBAA and the European Business Aviation Association (EBAA), the 2022 European Business Aviation Convention & Exhibition (EBACE2022) was one of the most transformative and important events ever for an industry soaring with new momentum into the future.

Among the many never-before-seen features at EBACE2022 were eagerly anticipated new aircraft, including the Bombardier Global 8000, Gulfstream G700 and Dassault Falcon 6X; a host of other new product introductions and announcements, and a dazzling lineup of electric and advanced air mobility (AAM) aircraft arrayed at the show floor’s Innovation Pavilion.

A first-ever Newsmakers Luncheon featured the leaders of AAM pioneers Volocopter, Lilium, FACC and Vertical Aerospace. Tennis legend Martina Navratilova and trailblazing pilot Zara Rutherford – both record-breaking aviators – wowed the audience during an exhilarating opening keynote, held for the first time on the show floor.

In a special featured session, UN Goodwill Ambassador Maya Ghazal inspired EBACE2022 attendees with her incredible story of overcoming hardship to become the first female Syrian refugee pilot. In addition, the inaugural EBACE Business Aviation Sustainability Summit showcased the game-changing technologies and business models the industry is developing to achieve its goal of net-zero emissions by 2050.



NBAA-BACE POWERS INDUSTRY INTO THE FUTURE

NBAA celebrated an inspiring and forward-looking week at its 2022 NBAA Business Aviation Convention & Exhibition (NBAA-BACE) in Orlando, FL.

Held Oct. 18-20 at the Orange County Convention Center and nearby Orlando Executive Airport, the convention honored the aviation legends who brought the industry to this milestone, while also spotlighting the pioneers, new technologies and dynamic companies that will power business aviation over the next 75 years.

The convention explored exciting trends and fired imaginations, highlighted by such notable guest speakers as NASCAR Hall of Fame driver Dale Earnhardt Jr., FAA Acting Administrator Billy Nolen, European Union Aviation Safety Agency Executive Director Patrick Ky, astrophysicist and author Neil deGrasse Tyson, pilot and author Tammie Jo Shults, and "Top Gun: Maverick" actress Monica Barbaro and the movie's aerial coordinator, Kevin LaRosa II.

Congressional aviation champions Reps. Sam Graves (R-6-MO), Rick Larsen (D-2-WA) and Scott Franklin (R-15-FL) shared their insights during the convention's No Plane No Gain Leadership Breakfast, while an inaugural NBAA Newsmakers Breakfast featured a thought-provoking conversation between Boeing Chief Strategy Officer Marc Allen and industry analyst Richard Aboulafia of AeroDynamic Advisory about the ways the aviation community is innovating to meet technological, environmental and geopolitical challenges.

Business aviation's commitment to emissions reduction was evident throughout the show, from the sustainable aviation

fuel and book-and-claim options available at Orlando-area airports, to the two-day Sustainability Summit, which focused on industry decarbonization efforts inside the convention center.

ASSOCIATION MARKS 75TH ANNIVERSARY WITH NBAA LEGACY SOCIETY

In recognition of its 75th anniversary, the association introduced the NBAA Legacy Society as an opportunity for member organizations to elevate their commitment to NBAA and business aviation.

Multiple organizations have stepped up their commemorative-level contribution to support NBAA and the future of business aviation. NBAA Legacy Society members include Airbus Corporate Jets, Textron Aviation, Raytheon Technologies, Boeing, ForeFlight and Boeing Business Jets.

A portion of the financial commitment to the NBAA Legacy Society made by the aforementioned organizations is allocated to NBAA Charities to support scholarship opportunities. Society members may designate where those scholarship funds are directed.

As an advanced level membership, the NBAA Legacy Society will remain for milestone years even after the association's 75th anniversary.



Advocacy

During 2022, NBAA advocated for business aviation in many ways:

- The association was at the forefront of ensuring aircraft operator access to airspace and airports.
- NBAA led efforts to champion industry priorities in legislation, including promoting new technologies such as advanced air mobility.
- NBAA helped grow the business aviation community by bringing together various owner-pilot groups.
- The association continued its long-standing efforts to correct inaccurate or misleading media characterizations of the industry.

INJUNCTION HALTS ATTEMPT TO RESTRICT OPERATIONS AT EAST HAMPTON'S AIRPORT

Following months of contentious discussions about the future of New York's former East Hampton Airport (HTO), a court in Suffolk County, NY granted in October a motion for an NBAA-backed injunction preserving access to the East Hampton Town Airport (JPX).

The ruling by State Supreme Court Justice Paul J. Baisley favored petitions seeking to halt the town's planned closure of East Hampton Airport (HTO) and reopen the airfield as a private-use and prior-permission-required airport, ostensibly to address community concerns over noise.

The ruling also denied a motion by the town to dismiss the case on procedural grounds. The court previously issued a temporary injunction that prevented the planned closure, although in the interim the FAA did allow the airport's name and designator to be changed.

"The court's decision to reaffirm the impropriety of the town's actions to curtail operations at their community airport is a significant step in protecting access not just to East Hampton

Airport, but to other airports in New York state and around the country," said NBAA President and CEO Ed Bolen. "It is vital that town officials recognize their obligations to maintain access under established state and federal statutes."

Deliberation continues in other pending proceedings regarding the airport, including a separate federal lawsuit filed by NBAA, which also asserts that the town's attempt to impose restrictions at the airport violates the Aircraft Noise and Capacity Act of 1990.

NBAA THANKS NEW YORK GOVERNOR FOR VETOING RESTRICTIVE NOISE BILL

Business aviation stakeholders answered an NBAA call to action in the final months of 2022 to contact New York Governor Kathy Hochul and implore her to veto the "Stop the Chop Act," which would have allowed anyone to sue a pilot, flight department, line service person or company employee operating in the state for alleged helicopter noise pollution, even if the operation was legal.

The bill passed the NY state assembly on June 3, 2022. NBAA worked with its New York partners to oppose the legislation, arguing that the bill as written could have far-reaching detrimental impacts on business aviation across the state.

"We thank Gov. Hochul for her swift action in vetoing this obstructive bill," said NBAA President and CEO Ed Bolen. "We also thank the many NBAA members who reached out to the governor over the past few months to let her know the harm this bill would cause to business aviation across the state of New York."

If passed, the bill could have caused significant damage to the Empire State's general aviation industry, which is responsible for 43,200 jobs and more than \$8.6 billion in total economic output.

OMNIBUS FUNDING BILL INCLUDES NBAA-CHAMPIONED AAIM ACT

One of many NBAA-supported industry priorities included in the FY2023 federal government Omnibus Appropriations Bill signed into law Dec. 29 by President Joe Biden was the Advanced Aviation Infrastructure Modernization Act (AAIM), which is designed to advance the development of advanced air mobility (AAM) operations.

The AAIM Act calls for the U.S. Department of Transportation (DOT) to provide grants to assist state, local and tribal governments and other entities in planning infrastructure to support AAM operations. These grants are part of a larger DOT competitive grant program supporting a variety of transportation and infrastructure enhancement projects.

The bill also recognized ongoing work by the FAA on AAM and encourages the agency to provide a transparent framework and requirements for the safe use of AAM in the future.

The legislation was first introduced in December 2021 by House T&I Aviation Subcommittee Chairman Rep. Rick Larsen (D-2-WA), Ranking Aviation Subcommittee Member Garret Graves (R-6-LA) and Rep. Dina Titus (D-1-NV). The bill has attracted nearly 30 bipartisan co-sponsors. Similar legislation (S.4246) that authorizes AAM planning grants was introduced in the Senate by Sens. Alex Padilla (D-CA) and Jerry Moran (R-KS).

NBAA LAUNCHES OWNER PILOT ASSOCIATION COALITION

In January, NBAA announced its new Owner Pilot Association Coalition (NBAA OPAC), which brings together leaders of business aircraft owner-pilot organizations in a collaborative effort to tackle top concerns for business aviators and explore opportunities to grow the owner-operator community.

The coalition's initial focus is on new approaches to enhance operator safety and how to address insurance coverage and cost challenges, along with initiatives to spur member growth and retention for owner-pilot associations.

Initial participants in the Owner Pilot Association Coalition include leaders from Cirrus Vision Pilots and Owners, Citation Jet Pilots Association, Embraer Jet Operators Association, Malibu M-Class Owner and Pilot Association, Pilatus Owners and Pilots Association and TBM Owner Pilot Association.

NBAA CORRECTS MISLEADING MEDIA COVERAGE OF BUSINESS AVIATION

Business aviation continues to face a slew of misperceptions throughout society, including misrepresentation in the media.

For example, when Bloomberg got the facts wrong in a sensationalist story about a May 2022 FAA stakeholders meeting to discuss aviation system delays in Florida, NBAA President and CEO Ed Bolen was quick to respond.

The story, which did not include NBAA's perspective, nevertheless focused on business aviation operations in the state, resulting in a mischaracterization of the situation that overlooked the role of increased flight activity among all industry segments, along with bad weather and new entrants into the aviation system.

"This kind of finger-pointing approach to your story offered [an] unfortunate depiction, and left readers with an incomplete understanding of the current situation,

and the effective efforts being undertaken by all parties to promote our nation's leadership in aviation, and ensure that, going forward, it works for everyone who relies on it," Bolen wrote.

Bolen also called out *The Washington Post* for a September 2022 editorial that mischaracterized the environmental impact of business aviation.

"Business aviation continually leads the way in emissions reduction, thanks to a relentless investment in technologies that have slashed aircraft emissions nearly in half in recent decades," Bolen wrote. "At the same time, the industry is committed to a new, higher standard: net-zero emissions for business aircraft by 2050."

NBAA also responded immediately when a September 2022 Bloomberg News article pushed renewed and unfounded accusations that business aviation doesn't pay appropriately for its use of the nation's aviation system.

"Companies launching rockets and satellite payloads, along with private jet operators need to pay – or pay more – to fund the nation's monitoring grid for flights," the Bloomberg story said of remarks made during an industry conference by Robert Isom, chief executive officer of American Airlines Group, Inc.

NBAA President and CEO Ed Bolen offered a detailed written response to a reporter's request for comment, which in essence said Isom's statement "fails the credibility test with experts the world over because the costs for our aviation system aren't determined by a small airplane crossing an air traffic controller's radar screen over Kansas at midnight, but are instead driven by the demands of the airlines' costly hub-and-spoke network."



FAA EXTENDS NBAA SMALL AIRCRAFT EXEMPTION UNTIL 2024

Thanks to NBAA and other industry stakeholder efforts, the FAA extended NBAA's Small Aircraft Exemption No. 7897L until March 31, 2024.

The Small Aircraft Exemption allows NBAA members named on the exemption's list to employ the alternative aircraft maintenance programs and limited cost-reimbursement for certain flights in accordance with Part 91 Subpart F, benefits that are typically limited to aircraft weighing more than 12,500 pounds, powered by multiple jets, or part of a fractional ownership program.

To claim the exemption, NBAA members that operate small aircraft weighing 12,500 pounds or less and piston-powered airplanes or rotorcraft must submit a Notice of Joinder to FAA Exemption No. 7897L, said Doug Carr, NBAA senior vice president of safety, security, sustainability and international affairs.

NBAA also amended its online form that enables members to easily comply with the exemption's Notice of Joinder requirements. The electronic form requests that the FAA append the person submitting the notice to list them with the other NBAA members authorized to use the exemption.

Sustainability

GENUINE PROGRESS MADE ON SUSTAINABLE FUELS

The Inflation Reduction Act of 2022 included an NBAA-championed blenders tax credit (BTC) for producers of sustainable aviation fuel (SAF).

Effective Jan. 1, 2023, a \$1.25 per gallon credit will be available for each gallon of SAF sold as part of a qualified fuel mixture with a demonstrated lifecycle greenhouse gas (GHG) reduction of at least 50% compared to conventional jet fuel. The stand-alone SAF tax credit increases by one cent for each percentage point by which the lifecycle GHG emissions reduction of such fuel exceeds 50%, up to \$1.75 per gallon.

The BTC will be in effect through Dec. 31, 2024. On Jan. 1, 2025, the Clean Fuel Production Credit (CFPC) will apply to all transportation fuels, based on the level of GHG reduction performance of a fuel versus a baseline emissions factor.

Under this system, SAF will be eligible for a credit of up to \$1.75 per gallon for fuels with a 100% GHG reduction, with lower credits for fuels demonstrating lower levels of GHG reduction. The CFPC would expire on Dec. 31, 2027, unless extended by Congress.





The SAF BTC was first introduced in the U.S. House of Representatives by Reps. Brad Schneider (D-10-IL), Dan Kildee (D-5-MI) and Julia Brownley (D-26-CA) in May 2021 as part of the Sustainable Skies Act. Sens. Sherrod Brown (D-OH), Raphael Warnock (D-GA), Maria Cantwell (D-WA) and Patty Murray (D-WA) championed similar legislation in the U.S. Senate.

NBAA strongly supported efforts to create the BTC, frequently engaging with lawmakers in Congress, industry stakeholders and the Biden administration to promote these and other programs to spur the production and availability of SAF.

BOLEN HIGHLIGHTS BUSINESS AVIATION'S FOCUS ON SUSTAINABILITY TO CONGRESS

In testimony before the U.S. House Committee on Transportation & Infrastructure's Aviation Subcommittee in July, NBAA President and CEO Ed Bolen detailed for Congress a policy roadmap for strengthening the general aviation sector in the U.S. and worldwide, today and in the years to come.

Bolen urged lawmakers to facilitate access to emerging technologies, including advanced air mobility, in order to maintain America's leadership in global aviation, partner with the industry to protect the privacy of flight and advance aviation sustainability, and help address workforce challenges as Congress prepared to tackle a five-year FAA reauthorization bill in 2023.

NBAA's recommended that Congress:

- Enact the blender's tax credit to increase the production, availability and use of sustainable aviation fuel
- Support transformative technologies so that aircraft can be powered by electric, hybrid and hydrogen propulsion
- Clarify tax rules to allow electric aircraft charging stations to qualify for an existing tax credit applicable to ground vehicles

Bolen also commended Congress for passing several laws during the COVID-19 pandemic that enabled business aviation to continue to support 5,000 communities across the U.S. with 1.2 million jobs and \$247 billion in annual economic output.

NBAA UNDERSCORES COMMITMENT TO NET-ZERO EMISSIONS BY 2050

In a written statement to the Aviation Subcommittee of the House Committee on Transportation & Infrastructure in May 2022, NBAA President and CEO Ed Bolen outlined the aggressive steps business aviation is taking to reduce the industry's carbon footprint.

In NBAA's statement for the hearing, "Preparing for Take-Off: Examining Efforts to Address Climate Change at U.S. Airports," Bolen detailed the Business Aviation Commitment on Climate Change, in which the industry has pledged to achieve net-zero CO2 emissions by 2050.

"This goal builds on our proven track record of leading the way on fuel-saving technologies, from winglets to highly efficient engine technology and advanced avionics," Bolen wrote. "To achieve our 2050 goal, business aviation is making significant investments in zero-emission electric aviation, sustainable aviation fuel, optimizing GPS technology to fly the most direct and efficient routes, and utilizing sustainable infrastructure at airports. These initiatives will lead to a sustainable future for business aviation while maintaining the critical jobs our industry provides to American workers."

NBAA UNVEILS NEW SUSTAINABLE FLIGHT DEPARTMENT ACCREDITATION PROGRAM

At the beginning of 2022, NBAA released guidance documents for its new Sustainable Flight Department Accreditation Program, which identifies business aviation entities that meet exceptional environmental sustainability standards.

The program's goal is to further advance a sustainability culture in business aviation by encouraging participants to think and act critically to implement as many sustainability initiatives as possible, while recognizing the diversity of business aviation operations.

The program has four accreditations: flight, operations, ground support and infrastructure.

Operators may apply annually for NBAA Sustainable Flight Department Accreditation. Program resources are publicly available on the NBAA Learning Management System available to association members.

NBAA APPLAUDS FAA APPROVAL OF AN UNLEADED FUEL FOR GA PISTON FLEET

NBAA welcomed FAA approval of a supplemental type certificate (STC) allowing the use of unleaded G100UL fuel in piston-engine aircraft. Approval of the fuel for the entire piston fleet marks a significant milestone in the development of leaded-fuel alternatives.

Formal approval to use G100UL will be implemented through the FAA STC, demonstrating that the agency has determined

that engines and aircraft operating on the unleaded fuel will continue to be compliant with the airworthiness safety standard requirements for Part 33 engines and Part 23 airplanes.

NBAA is a member of the Eliminate Aviation Gasoline Lead Emissions initiative, a government-industry partnership to safely eliminate the use of leaded aviation fuel by the end of 2030, without adversely affecting the existing piston-engine fleet.

INAUGURAL CAM AMBASSADOR WEBINAR LOOKS AT THE ROAD TO NET-ZERO EMISSIONS

The inaugural webinar in the CAM Ambassador Webinar series, which is designed specifically for Certified Aviation Managers (CAMs), took a detailed look at the array of technologies and approaches business aviation can consider on its journey to net-zero emissions by 2050.

Held in October, the first webinar, titled “Leadership Through Innovation,” featured Airbus Commercial and International Senior Vice President and Head of Marketing Stan Shparberg and Airbus Americas Vice President of Research and Technology Amanda Simpson, who provided insights into sustainability and research programs aimed at reducing aviation emissions.

“We’ve made a lot of progress in the 50 years that Airbus has been in existence,” Simpson said, “and we are 50% toward that net-zero goal. We’ve optimized our dynamics, used new materials that are lighter and always are advancing engine technologies. That was the easy part, but the next 50% is going to be the hard part.”

The CAM Ambassador Webinar series is an opportunity to learn from industry experts about the latest developments and future possibilities in business aviation. Current CAMs receive a one-quarter point toward recertification for attending each free, live program.

NBAA WELCOMES ICAO ADOPTION OF LONG-TERM NET-ZERO CARBON EMISSIONS GOALS

NBAA joined with the global aviation community in welcoming the adoption of a long-term goal for international aviation of net-zero carbon emissions by 2050 by governments gathered for the 41st International Civil Aviation Organization (ICAO) Assembly in Montreal, Canada.

“The business aviation community has always prioritized measures to enhance the safety and sustainability of flight,” said NBAA President and CEO Ed Bolen. “We welcome this significant step taken by ICAO toward further decarbonization, and we will continue to work with our industry partners toward achieving this ambitious goal.”



Business aviation has continually reduced its carbon footprint over the past several decades and today accounts for less than 1% of transportation emissions. The Business Aviation Commitment on Climate Change established a goal of net-zero emissions by 2050 through technological advances, operational improvements, infrastructure modernization and market-based measures.

NBAA URGES IRS TO RESOLVE QUESTIONS ABOUT SAF TAX CREDITS

In December, NBAA joined with a coalition of dozens of other aviation stakeholders in submitting comments to the IRS on implementation of the sustainable aviation fuel blenders tax credit (SAF BTC) and clean fuel production credit (CFPC), which incentivize development of facilities to produce significantly higher quantities of SAF, spurring consumer demand and lowering prices to end users.

“With project timelines spanning three to five years for construction of an SAF facility and the [SAF BTC] credit currently set to expire at the end of 2027, it is critical that guidance for [the CFPC] be provided well ahead of the 2025 statutory deadline, ideally by early [2023],” the coalition stated in its letter to U.S. Treasury Secretary Janet Yellin.

The groups also encouraged the Treasury Department and IRS to establish book-and-claim provisions for SAF feedstocks and production processes, and to define a process by which fuels with a demonstrated negative GHG contribution be eligible for tax credits greater than \$1.75 per gallon.

Smooth implementation of the SAF BTC and CFPC, the coalition concluded, “will send a robust investment signal and enable achievement of our shared decarbonization goals. We request the opportunity to meet with Treasury personnel to discuss these comments and look forward to working with Treasury to implement these foundational SAF policies.”

SUSTAINABLE AVIATION FUEL LANDS IN GENEVA FOR EBACE2022

Just in time for the 2022 European Business Aviation Convention & Exhibition (EBACE2022), which was held May 23-25, Geneva Airport (GVA) offered sustainable aviation fuel (SAF) to lower carbon emissions for out-bound flights from EBACE.

Stakeholders with the Business Aviation Coalition for Sustainable Aviation Fuel secured agreements to make the SAF available at GVA. FBO and ground handling and aircraft fuel provider Jet Aviation, together with TotalEnergies, worked together to make the SAF available.



FLYING MAGAZINE HONORS NBAA FOR SUSTAINABILITY LEADERSHIP

During a ceremony ahead of the 2022 Experimental Aircraft Association AirVenture show in Oshkosh, WI, FLYING magazine recognized NBAA with its Innovation Award for the association's work to guide business aviation toward a sustainable future.

Julie Boatman, editor in chief of FLYING, cited NBAA's work with stakeholder associations, aircraft manufacturers and others to promote initiatives that speed the production, availability and use of sustainable aviation fuel.

"NBAA, under Ed Bolen's leadership, has worked tirelessly to promote the necessary efforts toward net-zero carbon emissions for the industry by 2050 – knowing we must begin now in order to stay on target to achieve that goal," said Boatman. "NBAA's commitment to a green future is one example of its overall leadership and value to the industry."

NBAA is a founding member of the Business Aviation Coalition for Sustainable Aviation Fuel, which in 2021 unveiled a commitment to reach net-zero carbon emissions by 2050 as part of a Business Aviation Commitment on Climate Change.

INNOVATION

NBAA'S AAM ROUNDTABLE CELEBRATES FIRST ANNIVERSARY

In March, NBAA marked the one-year anniversary of its Advanced Air Mobility (AAM) Roundtable, a 12-month period characterized by significant progress on a number of important milestones for this emerging sector of aviation.

AAM uses electric vertical takeoff and landing aircraft to transport people and cargo. These new aircraft can be powered by hybrid electric systems, batteries or potentially hydrogen fuel cells. They promise to bring accessibility to cities, underserved communities and geographically distant regions that do not have access to public transit systems.

"The pace of innovation and change is unfolding faster than ever in aviation, including the pioneering developments underway in the AAM sector," said AAM Roundtable Chair Matt Byrd, president and CEO of Hillwood Aviation. "NBAA's AAM Roundtable is leading the way in charting a roadmap for the future of this groundbreaking mode of transport."

Throughout 2022, NBAA and the AAM Roundtable continued working with Congress and the FAA to help address challenging infrastructure and operational issues. Looking ahead to reauthorization of the FAA in 2023, NBAA plans to identify top industry issues for the agency to consider in assembling the funding and oversight package. Regular AAM Roundtable meetings are informing those priorities.



NBAA WELCOMES FORMATION OF CONGRESSIONAL AAM CAUCUS

In June, NBAA welcomed the creation of the bipartisan Congressional Advanced Air Mobility (AAM) Caucus to educate members about this revolutionary emerging technology that could create hundreds of thousands of high-skilled jobs in manufacturing, design and infrastructure by 2040.

"Advanced air mobility has the potential to combine the benefits of fixed-wing aircraft, helicopters, small general aviation aircraft and intercontinental business jets," said NBAA President and CEO Ed Bolen. "It allows the U.S. the opportunity to lead on this emerging technology, which is why it's essential that Congress play a role to ensure we are competitive with other world leaders in this space.

"NBAA looks forward to engaging with the caucus on AAM technology, which will help connect with communities that have been left behind by existing transit systems," Bolen added.

The co-chairs of the new caucus are Reps. Jay Obernolte (R-8-CA) and Jimmy Panetta (D-20-CA). Reps. Garret Graves (R-6-LA) and Dina Titus (D-1-NV) also were instrumental in creating the caucus.

NBAA ADVISES GOVERNMENT ON LATEST RECOMMENDATIONS FOR SAFE DRONE INTEGRATION

NBAA and other stakeholders on the Unmanned Aircraft Systems (UAS) Beyond Visual Line of Sight (BVLOS) Aviation Rule-making Committee (ARC) sent their final report to the FAA in April 2022. The report included more than 70 recommendations to enable broader commercial UAS operations.

Formed in 2021, the UAS/BVLOS ARC identified the need for a risk-based approach to BVLOS operations instead of a blanket series of regulations. Such an approach would consider the size of the UAS, area of operation and population density, among other factors, in approving UAS for BVLOS flight.

"We're pleased the FAA shared the ARC report with the public," said Heidi Williams, NBAA senior director of air traffic services and infrastructure. "The agency will now deliberate on its rec-

ommendations and determine the best course of action going forward."

One recommendation would modify established "right of way" practices requiring UAS to yield to crewed aircraft, instead giving UAS priority in certain circumstances, such as low-level operations near critical infrastructure.

Other recommendations include:

- Updating current UAS operator license requirements to include BVLOS operations
- Creation of a performance-based "BVLOS Rule" for all UAS within a certain kinetic energy threshold, in lieu of FAA airworthiness certification of individual systems
- Developing a voluntary regulatory system to enable private, third-party service providers to support UAS BVLOS operations

NBAA JOINS WHITE HOUSE SUMMIT TO CHAMPION ADVANCED AIR MOBILITY

Officials with the Biden administration expressed strong support for the responsible development of a safe and robust advanced air mobility (AAM) industry during an Aug. 3 AAM Summit at the White House.

Hosted by the Office of Science and Technology Policy and the National Security Council, the summit included representatives from NBAA's AAM Roundtable, as well as other manufacturers, infrastructure developers, government transportation officials and community leaders.

"There's a lot of work to do to move toward AAM integration, and we will need a broad collection of voices at the table," said FAA Acting Administrator Billy Nolen. "We encourage communities to get involved now, while we're in these early phases, and we need to continue to hear from industry."

Topics included the development of necessary infrastructure to support AAM operations, and the need for sensible regulatory guidance and financial measures to drive development of AAM and electric vertical takeoff and landing aircraft, which are key to advancing aviation sustainability.

"It's encouraging to see this level of discourse and collaboration among stakeholders in this exciting, emerging industry, and to have this level of support from the highest levels of our government," said NBAA president and CEO Ed Bolen.



NBAA APPLAUDS FAA'S SAFETY FOCUS IN FIRST STEP TOWARD AAM CERTIFICATION STANDARDS

NBAA commended the FAA for its measured approach to certification of advanced air mobility (AAM) vehicles in comments submitted in December on the agency's first proposed Special Class Airworthiness Criteria for such vehicles.

The proposed criteria – an important initial step toward a structured certification process for electric vertical takeoff and landing (eVTOL) aircraft – incorporates elements of 14 CFR Parts 23, 33, and 35, as well as other airworthiness requirements specific for a powered-lift vehicle.

In its comments, NBAA lauded the FAA's approach and reiterated the need to "uphold the high standard of safety achieved by decades of hard work and collaboration among the FAA, aircraft designers, manufacturers, maintainers, operators and the entire aviation industry."

NBAA further highlighted the potential advantages of AAM, including significantly reduced noise impacts to communities surrounding airports and vertiports and greater environmental sustainability through the use of non-petroleum propulsion. The emerging market for AAM and eVTOL also demonstrates the industry's continued spirit of innovation.

The FAA issued a request for comments on its proposed criteria for certification of the Joby Aviation JAS4-1 in November 2022. The agency followed that in December with similar criteria for certification of the Archer Aviation Inc. Model M001.

NBAA-BACE PANEL EXAMINES MAINTAINING AIRSPACE ACCESS FOR FUTURE NEEDS

The number of aircraft types in the National Airspace System (NAS) is increasing with the addition of unmanned aircraft systems (UAS) and advanced air mobility (AAM) vehicles.

Moderated by journalist Lisa Stark, an Innovation Zone session at the 2022 NBAA Business Aviation Convention & Exhibition (NBAA-BACE) examined how to support these new aircraft, and ensure the NAS remains available for all users.

"The model we are looking at is not the traditional approach of taking taxpayer dollars to [implement] these systems," said Col. Nathan Diller, director of U.S. Air Force AFWERX. "This is a space where over 80% of the research and development today is happening within the commercial market."

"Collaboration is at the base of this process," said FAA Chief Operating Officer Tim Arel. "It's not just the regulator or the operator of the airspace saying you can or you can't [fly there]; it's the innovators saying we have a different way of complying with traditional regulations written for traditional aircraft."

The FAA remains committed to meeting the industry's time-frame to introduce limited AAM operations in 2024, Arel noted.

NBAA AAM ROUNDTABLE SUPPORTS VERTIPORT DESIGN GUIDANCE

In October, the FAA published a new engineering brief offering design guidance for the development of vertiports supporting AAM operations, following extensive collaboration with members of the NBAA AAM Roundtable and other stakeholders in this emerging industry.

Engineering Brief (EB) 105, "Vertiport Design," outlines infrastructure requirements for facilities to be utilized by electric vertical takeoff and landing (eVTOL) aircraft. It includes guidance for creation of new vertiports and smaller "vertistop" facilities, as well as adapting existing heliports and airports to support AAM operations.

Alex Gertsen, NBAA's director of airports and ground infrastructure, noted the association continues to work with the FAA as the agency moves toward the publication of an advisory circular addressing vertiport design standards, which is anticipated in 2024 or 2025.

NBAA's industry partners collaborating with FAA on this effort include the Helicopter Association International, General Aviation Manufacturers Association, Vertical Flight Society and Aerospace Industries Association.





WORKFORCE & TALENT DEVELOPMENT

BOLEN: BOLD ACTIONS NEEDED TO BUILD FUTURE AVIATION WORKFORCE

In a May written statement to the U.S. House Small Business Committee's Subcommittee on Innovation, Entrepreneurship and Workforce Development, NBAA President and CEO Ed Bolen cited several industry efforts to build a diverse business aviation workforce.

Workforce development is a key focus of NBAA's advocacy on Capitol Hill, including a call for full funding of the Promoting Service in Transportation Act (H.R. 3310 and S. 1681) passed into law as part of the Infrastructure and Investment Jobs Act. This would establish a multimedia public service campaign highlighting career opportunities in the transportation industry.

Bolen also cited NBAA's other workforce initiatives:

- Participation in the FAA/DOT's Women in Aviation Advisory Board and the Youth Access to American Jobs in Aviation Task Force
- Partnering with organizations that promote diversity, equity and inclusion, such as the Red Tail Flight Academy
- Support of NBAA's Young Professionals in Business Aviation (YoPro) program to nurture future industry leaders
- Establishment of a Careers in Business Aviation Day at NBAA's annual Business Aviation Convention & Exhibition

NBAA WELCOMES HOUSE PASSAGE OF BILL CREATING AVIATION WORKFORCE SUPPORT CENTER

NBAA commended the U.S. House of Representatives for passing legislation in September to establish a National Center for the Advancement of Aviation (NCAA), a federally chartered private entity to support and promote the civil aviation and aerospace workforce.

"NBAA is firmly committed to promoting the development of our industry's future workforce, and we applaud the passage of H.R. 3482, the National Center for the Advancement of Aviation, which will aid in our continued global leadership in aviation by facilitating collaboration and cooperation among all sectors of aviation," said NBAA President and CEO Ed Bolen.

Among other things, the NCAA will bring together stakeholders from across the military and private sectors to provide STEM-focused resources to high school and collegiate curriculum developers. In addition, the center will focus on workforce development, economic and safety data and research sharing, and cross-disciplinary collaboration.

BUSINESS AVIATION CAREER DAYS SHOWCASE INDUSTRY'S PROFESSIONALISM AND PROMISE

Throughout 2022, NBAA representatives participated in many aviation-focused career days held by colleges and universities across the country to inform students about the many vocational options business aviation has to offer.

"The opportunity to directly interact with aviation students enables NBAA staff to plant seeds for potential interest in a business aviation career, which is very exciting," said Kristi Ivey, NBAA's northern mountain regional director, who took part in the first Business Aviation Open House at Minnesota State University Mankato.

"The more we have NBAA members and partners – including regional business aviation group leaders – participating in this type of outreach to students, the better our chances of securing interest in business aviation careers," Ivey said.

Students frequently ask how they can engage with business aviation professionals, which provides NBAA staff members the chance to highlight association resources, including the NBAA Mentoring Program, association scholarships and the opportunity to attend NBAA events that have student-focused content.

"Many people are not aware of the opportunities that business aviation has to offer to students and recent graduates," said NBAA Manager, Operations Noah Yarborough, who represented the association at Louisiana Tech's AvFest event. "NBAA needs to be at the forefront of providing young professionals the opportunity to break into business aviation."



YOPRO 'FLY-IN' BRINGS VALUABLE INSIGHTS, OPPORTUNITIES FOR ADVOCACY

Twenty young business aviation professionals (YoPros) traveled to Capitol Hill in June for a series of productive discussions with congressional staffers about the important role that business aviation plays in the U.S., along with current issues facing the industry.

The "YoPro Fly-In" was organized by NBAA's YoPro Council as part of the association's enGage initiative, which encourages young industry professionals to participate in advocacy efforts.

The YoPros divided into groups for meetings with staffers for several key lawmakers, including members of the House Transportation & Infrastructure Committee. YoPro Council Vice Chair Ian Lumpkin met with staffers for Rep. Randy Feenstra (R-4-IA).

"My pastor and dentist are pilots in Iowa," said Feenstra. "Without general aviation, they can't do their jobs to go from one appointment to another while still being home on the same day."

Other YoPros met with representatives from the offices of Sens. Raphael Warnock (D-GA), John Boozman (R-AK), Rick Scott (R-FL), Mark Kelly (D-AZ) and Jerry Moran (R-KS), along with Reps. Tony Gonzalez (R-23-TX), Eddie Bernice Johnson (D-30-TX), Sam Graves (R-6-MO) and Mario Díaz-Balart (R-25-FL).

Sierra Grimes, NBAA senior manager for government affairs and YoPro group founder, said participants, "came away empowered after seeing how significant their voices can be in advocating for our industry."

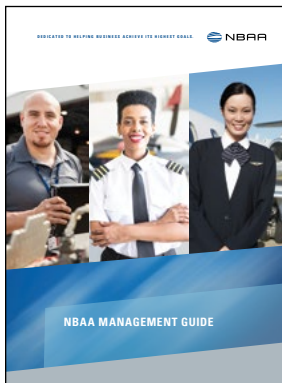
NBAA'S 2022 LEADERSHIP CONFERENCE A BIG SUCCESS

With nearly 400 attendees on hand for a sold-out slate of NBAA Professional Development Program (PDP) offerings, two outstanding networking sessions and a roster of all-star speakers, NBAA's 2022 Leadership Conference exceeded expectations on every level.

Discussions focused on next-level thinking, setting an example through positive influence, motivating a superstar team, ensuring organizational health and safety, and creating a dynamic workplace where innovation can thrive.

"Our dynamic speakers helped us leverage the ways that the COVID era's challenges can translate into empowerment, excellence and being our authentic selves as we return to service," said Jo Damato, CAM, NBAA's senior vice president, education, training and workforce development. "The enthusiastic turnout for this year's event demonstrates that people want to gather to share lessons about leading not just through the pandemic, but beyond it."

DE&I KEY FOCUS OF REVISED NBAA MANAGEMENT GUIDE



Diversity, equity and inclusion (DE&I) are core values for NBAA and key focus areas in the revised NBAA Management Guide, which also includes a new appendix dedicated solely to the subject.

The appendix defines DE&I concepts, describes benefits of DE&I in business aviation and provides methods for promoting DE&I in an organization in easily understandable language.

Benefits of DE&I include increasing physical and psychological safety, as well as increasing levels of productivity, profitability and innovation. In today's global workforce, a recruiting strategy dedicated to DE&I principles can help expand the pool of potential employees.

The appendix also outlines real-life tips for creating equity, reducing bias in the hiring process and managing a diverse workforce, including caregiver employees.

For example, drafting gender-neutral job descriptions and developing a standardized hiring process, including job-based interview templates that are measurable and uniform, can help reduce bias. Open communication, coaching and mentoring programs are useful tools in managing a diverse workforce, while caregivers can benefit from scheduling transparency and flexibility.

NBAA WORKED WITH FAA TASK FORCE ON BUSINESS AVIATION CAREERS

In September, the FAA's Youth Access to American Jobs in Aviation (YIATF) Task Force delivered to the agency 21 recommendations that are designed to convince more young people to consider an aviation career.

Among the suggestions from the task force, which was launched two years ago to address the industry's workforce shortage, were encouraging high school students to complete at a university, a community college or trade school the career and technical education courses and STEM classes that will prepare them for an aviation career.

The task force also wants to encourage these students to enroll in courses in aviation manufacturing, engineering and maintenance, and identify pathways to apprenticeships, workforce development programs or careers in the industry.

"We want to convince young people that aviation is for them and remove the financial barriers to entry for them to succeed," said Jo Damato, CAM, NBAA's senior vice president, education, training and workforce development, who served on the Expanded Pathways Subcommittee.

NBAA-BACE SMALL OPERATORS SYMPOSIUM TARGETS EMPLOYEE RETENTION

NBAA's Small Operators Symposium, held prior to the opening of the 2022 NBAA Business Aviation Convention & Exhibition (NBAA-BACE), looked at potential effects to operational safety caused by top talent moving on to what they consider to be better opportunities.

Workforce retention is a concern throughout business aviation, but it can hit smaller flight operations particularly hard. In an audience poll, 59% of symposium attendees said they experienced turnover in their flight operation over the past year.

Those employees often move to the airlines, but even moving to a larger flight operation may offer quality of life benefits. One step smaller flight operators can take to mitigate such issues is to change their mindset about time off.

However, that also requires the flight department to have sufficient personnel to cover for vacationing employees. In another audience survey, 65% of symposium attendees said they would rather the department hire another employee instead of getting a 30% pay raise.

BUSINESS AVIATION INSIDER SPOTLIGHTS NON-TRADITIONAL MENTORSHIPS

The May/June 2022 issue of NBAA's Business Aviation Insider examined less formal, "non-traditional" mentoring opportunities that have grown popular among business aviation's young professionals (YoPros).

"Just a few minutes of elevator conversation with someone curious about aviation can be fantastic," said Jessica Belcher, a sales and marketing executive with Exclusive Aircraft Sales. "It's a quick way to answer their questions, which often leads them to conduct more in-depth research [about the industry]."

Mentoring relationships can also grow out of more structured gatherings. Jordan Scales, associate aircraft manager at Clay Lacy Aviation, noted that he remains engaged with several aviation students he met during presentations he gave at colleges.

Social media can also be a powerful resource, even for people who've never met face-to-face.

"When you have conversations with different people in different areas, you benefit from their diverse backgrounds and will come away with incredible stories and advice," said Pilatus PC-12 First Officer Kristen Stimper. "Some may resonate more than others, but they all will help guide you on your own [career] path."



SECURITY

FEDERAL OMNIBUS BILL INCLUDES AFFIRMATION OF AVIATORS' PRIVACY RIGHTS

From Twitter accounts tracking celebrities' flight movements to the ability to monitor U.S. military aircraft moving across Eastern Europe, the proliferation of flight tracking websites and global deployment of automatic dependent surveillance broadcast (ADS-B) equipment on aircraft continue to drive privacy concerns for operators of business aircraft.

In an important acknowledgment of the fundamental right to privacy for anyone flying onboard an aircraft, the FY2023 Omnibus Appropriations Bill incorporated a renewed affirmation of congressional support for flight privacy, including the importance of a means by which operators may opt-out from having their movements tracked in real time, by anyone with an internet connection, anywhere in the world, for whatever motive.

Current options include the Limited Aircraft Data Displayed (LADD) program, which filters aircraft ownership data shared by the FAA, and the Privacy ICAO Address (PIA) program, which enables aircraft owners to request an alternate, temporary ICAO aircraft address not assigned to the owner.

NBAA COLLABORATING WITH FAA TO IMPROVE, STREAMLINE FLIGHT PRIVACY PROTECTIONS

Ongoing concerns about operator privacy in the ADS-B environment were at the forefront of discussions between NBAA and the FAA on potential improvements to the Privacy ICAO Address program (PIA).

For decades, the FAA has tied an aircraft Mode S transponder (ICAO) code to the aircraft registration. PIA allows operators to use alternate ICAO codes that are not published in the FAA's publicly available aircraft registry.

Heidi Williams, NBAA senior director for air traffic services and infrastructure, noted that the FAA's current 60-day timeframe between PIA requests is insufficient, and the agency is working to reduce the time to issue a new code in direct response to concerns expressed by the association. That includes a dedicated initiative to provide a new PIA code much more quickly should an operator's current code become compromised.

NBAA also is working with the FAA to expand airspace authorized for aircraft using PIA codes, such as FAA-managed oceanic airspace off the East Coast and Gulf Coast of the U.S., along with airspace managed or controlled by other international air navigation service providers.

"This is an evolving process, and we thank the FAA for responding to our concerns and working with us and the business aviation community to make PIA a more effective and agile process," Williams said.

PRIVACY CONCERNS AT FOREFRONT OF NBAA-BACE SESSION

Maintaining privacy in a data-driven, ADS-B-equipped era was also the focus of the "Privacy in the ADS-B Era" education session at the 2022 NBAA Business Aviation Convention & Exhibition (NBAA-BACE). This session examined the challenges in preserving privacy and the tools available to limit aircraft tracking.

The FAA began sharing live traffic information with the public in the 1980s, and the safety and security risks of doing this soon became apparent. By the late 1990s, the industry and FAA created the Block Aircraft Registration Request (BARR) program.

By 2009, the ADS-B Out standard was published. By the 2010s, the U.S. had great internet connectivity and a passionate user base just as operators in the National Airspace System started to share more information about who they are.

Further advancements have helped aviation enthusiasts to "create air traffic networks independent of the FAA," said Doug Carr, NBAA's senior vice president of safety, security, sustainability and international affairs. "Now in 2022, we have robust, non-FAA networks publishing real-time information about air traffic."

Preserving privacy isn't just about hiding from paparazzi or avoiding fans, session presenters noted; it's about ensuring personal safety and corporate security.

NBAA SECURES LIMITED EXTENSION ON PILOT-DATABASE DEADLINE

Privacy concerns spurred NBAA's work with the FAA that resulted in the agency granting certain NBAA members a limited exemption from the requirement to begin reporting pilot records to the Pilot Records Database (PRD) within 30 days of the effective date of the record.

Exemption No. 19176 applies to NBAA member companies conducting Part 135 operations that hold OpSpec A025 for electronic training records and members operating under Part 91(k) that hold MSPEC MA025 for electronic training records. The FAA denied NBAA's petition for relief for Part 125 operators.

NBAA requested relief because the PRD notice of proposed rulemaking said that the FAA would provide two methods of data entry into the PRD: (1) an electronic transmission method using an automated utility and (2) a manual entry method for operators with fewer records or without the technology required to make an electronic transfer.

The exemption is only from the reporting requirements outlined in 14 CFR § 11.215(a) and expired Jan. 10, 2023. In the meantime, Part 135 operators and 91(K) program managers should continue maintaining records in accordance with their A025 or MA025 requirements.





SAFETY

2022 NBAA SINGLE-PILOT SAFETY STANDDOWN FOCUSED ON RUNWAY EXCURSIONS

NBAA's 2022 Single-Pilot Safety Standdown, held ahead of the NBAA Business Aviation Convention & Exhibition (NBAA-BACE), examined why runway excursions continue to be a challenge for aviators. Attendees were shown interactive, multimedia case studies and presentations that brought the risks of runway excursions to life.

Presenters shared tools available to mitigate those risks, with Dan Moore examining the "Duncan Hines Cake Mix" method of stabilized approaches, with consistency being the key to a stabilized approach and runway excursion mitigation. Moore also gave attendees tips on developing standard operating procedures and benchmarks, as well as utilizing configuration flying to improve performance and reduce risks.

NBAA Board Member and Citation Jet Pilots Association's Safety Committee Chairman Charlie Precourt shared results of a comprehensive study aimed at addressing runway excursions and how the findings from that study were converted into usable, realistic policies, procedures and guidance for pilots.

NTSB ROUNDTABLE HIGHLIGHTS BENEFITS OF USING FLIGHT DATA MONITORING

The benefits of flight data monitoring (FDM) systems were examined in depth during the NTSB Roundtable, part of the National Safety Forum held throughout the 2022 NBAA Business Aviation Convention and Exhibition (NBAA-BACE) in October.

The NTSB strongly recommends FDM, flight data recorders and flight operations quality assurance in business aviation, driven in part by fatal accidents in Bedford, MA; Akron, OH; and Teterboro, NJ. In each of those mishaps, FDM could have

potentially identified risky practices and behaviors before they caused loss of life.

"This is a journey," said Doug Carr, NBAA's senior vice president of safety, security, sustainability and international operations.

"People need to get comfortable culturally with somebody looking at their performance and holding each other accountable, then use that as an opportunity to improve."

Morgan Bonde, an international Gulfstream G650 captain and safety manager at Adobe, said his operation utilizes FDM as an extension of its safety management system. Fractional ownership provider Jet It is also deploying FDM throughout its Honda-Jet operation.

INDUSTRY RESPONDS TO 5G CONCERNS, TELCOM PROVIDERS AGREE TO DELAY ROLLOUT

Following significant objections from aviation stakeholders, telecommunications providers AT&T and Verizon agreed to further delay powering up 5G transmission towers near certain airports.

Both companies agreed earlier in 2022 to operate those towers under reduced power until July 5 to help reduce potential interference from 5G signals in the C-band adjacent to frequencies used by radar altimeters, a critical piece of safety equipment in airliners and many business aircraft. On June 21, the two companies agreed to push that increased power date forward one year to July 2023.

While the delay bought some much-needed time for the industry to address this challenge, FAA Acting Administrator Billy Nolen emphasized the need for avionics makers and operators to find permanent solutions to eliminate 5G interference.





NBAA SUPPORTS EXPANSION OF ASAP DISCLOSURE PROTECTIONS

In March 2022, NBAA, in comments made regarding revisions to FAA Order 8000.82, expressed its support for expansion of protections from public disclosure for participants in the FAA's Aviation Safety Action Program (ASAP).

ASAP is a voluntary, confidential method of reporting safety incidents to the FAA. Both the agency and ASAP participants sign a memorandum of understanding which, in part, ensures a non-punitive approach to safety reporting. The FAA's expansion of protections would include air carriers beyond the Part 121 operator community, repair stations and other entities that have an ASAP, along with their covered employees.

In its comments, NBAA explained that Part 91 business aircraft operators often use contract professionals to meet operational demands when employees are unavailable due to training, medical needs or vacation. Further, many business aviation professionals flying in Part 135 operations are employees of the aircraft owner, while the Part 135 air carrier is the entity holding the ASAP.

NEW NBAA GUIDE OFFERS BUILDING BLOCKS FOR SMALL OPERATOR SAFETY SYSTEMS

Safety management systems (SMS) can seem intimidatingly complex, especially to a smaller operators with limited resources. NBAA released its new Small Flight Department Safety Guide in April to provide a roadmap for such operations to start building safety programs.

Regardless of the operator's size, the guide emphasizes that the keys to improved safety are the same:

- Identify the risks
- Develop the processes and procedures that mitigate the risks
- Promote use of these processes and procedures
- Follow them without fail
- Continually evaluate their effectiveness

The new Small Flight Department Safety Guide offers operators the ability to customize the protocols to their individual needs and resources. It also provides several important tools to assist operators, including an NBAA SMS resources webpage and possibly partnering with the IS-BAO FlightPlan Stage 1 program.

NBAA AWARDS FIRST CLASS OF SAFETY MANAGER CERTIFICATE RECIPIENTS

In May 2022, NBAA announced the completion of the inaugural class of its Safety Manager Certificate Program and has opened registration for the second class of this comprehensive introductory-level training program.

Created by the NBAA Safety Committee in partnership with Advanced Aircrew Academy, Convergent Performance and Fireside Partners, the Safety Manager Certificate Program is an assessment-based certificate program that provides training in six critical areas of business aviation safety management: leadership, safety policy, safety risk management, safety assurance, safety promotion and emergency response.

"With the knowledge attained from this program, flight department personnel who have been assigned safety management responsibilities will be prepared to effectively manage an organization's safety management efforts, including its safety management system," said NBAA Director of Safety and Flight Operations Mark Larsen, CAM.

NBAA completed the first cycle of the program on March 31 and issued 212 Safety Manager Certificates, representing a 97% course completion rate.

NBAA RECOGNIZES MEMBERS WITH FLYING SAFETY AWARDS, INCLUDING THE FIRST 90-YEAR AWARD

On Sept. 29, NBAA announced its Flying Safety Award recipients for the one-year period ending Dec. 31, 2021. More than 100 organizations were recognized for accident-free flying, including Exxon Mobil, which received the association's first 90-year award for safe operations.

"Commitment to safety is fundamental to business aviation, and for our industry to thrive, we must be safe, and must be understood to be safe," said NBAA President and CEO Ed Bolen. "We applaud our safety award winners for their dedication to safe operations and for inspiring the industry to follow best practices and standards for accident-free flying."

NBAA also recognized 88 companies with its Corporate Business Flying Safety Award, and eight companies received Commercial Business Flying Safety Awards. Fifty-four companies qualified for Aviation Maintenance Department Awards.

NBAA's Flying Safety Awards program was launched in 1953 to promote a culture of safety in business aviation operations. Award recipients for 2021 were recognized during the National Safety Forum at NBAA's 2022 Business Aviation Convention & Exhibition (NBAA-BACE).



FLIGHT PLAN PODCAST HIGHLIGHTS NBAA PREFLIGHT CAMPAIGN

Preflighting an aircraft, a critical step before flying, is often performed by a pilot when no one else is looking. A March episode of NBAA's "Flight Plan" podcast highlighted the association's new PREFLIGHT initiative, which offers several steps that business aviation professionals can take to continually "preflight" themselves in the workplace.

PREFLIGHT is built upon the professional attitudes of preparation, respect and ethics; following policies and procedures; leadership; integrity; being genuine and humble; and transparency. All are attributes business aviation professionals should adhere to in order to be their best professional selves.

"You should always be seeking areas for improvement," noted Mike Whannell, chief pilot for a small flight operation. "[That] means embracing 'to err is human' and that you should never be satisfied with your most recent performance."

The March 7, 2022 podcast is available at nbaa.org/flightplan.



2022 AWARDS



INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the combined financial statements of the National Business Aviation Association, Inc. and Affiliates (the Association), which comprise the combined statements of financial position as of June 30, 2022 and 2021, and the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Association as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the combined financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association'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.

BDO USA, LLP

Oct. 4, 2022

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

ASSETS	2022	2021
Current assets		
Cash and cash equivalents	\$ 11,000,184	\$ 11,428,886
Accounts receivable - net of allowance for uncollectible accounts of \$18,231 in 2022 and \$14,432 in 2021	792,481	267,395
Prepaid expenses and other current assets	1,398,123	1,150,205
Total current assets	13,190,788	12,846,486
Noncurrent assets		
Deferred compensation investments	1,691,897	2,168,865
Investments in marketable securities	30,948,136	35,987,945
Officer loan	898,911	519,459
Furniture and equipment, net of accumulated depreciation and amortization of \$2,560,738 in 2022 and \$2,298,026 in 2021	544,239	722,530
Total assets	\$ 47,273,971	\$ 52,245,285
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 10,880,686	\$ 6,346,668
Deferred revenue		
Membership dues	3,533,845	4,094,828
Conventions, conferences, and forums	8,832,002	10,834,470
Other deferred revenue	269,250	437,987
Deferred rent, current portion	470,535	288,801
Accrued postretirement benefit obligation, current portion	70,707	71,096
Total current liabilities	24,057,025	22,073,850
Noncurrent liabilities		
Accounts payable and accrued expenses, noncurrent portion	0	134,783
Deferred rent, noncurrent portion	656,756	1,127,291
Deferred compensation liability	1,691,897	2,168,865
Accrued postretirement benefit obligation, noncurrent portion	1,543,403	1,550,427
Total liabilities	27,949,081	27,055,216
Non-controlling interest	2,016,990	(35,306)
Commitments and contingencies		
Net assets without donor restrictions	17,307,900	25,225,375
Total liabilities and net assets	\$ 47,273,971	\$ 52,245,285

See accompanying notes to combined financial statements.

COMBINED STATEMENTS OF ACTIVITIES

Years Ended June 30, 2022 and 2021

OPERATING REVENUE AND SUPPORT	2022	2021
Annual meeting and conventions	\$ 23,305,523	\$ 0
Membership dues	7,720,613	6,612,318
Conferences, forums and seminars	7,267,290	1,632,102
Professional development, publications and other service products	1,324,534	887,529
Membership affinity services	1,019,292	829,547
Air traffic service fees	923,272	800,023
Interest and dividends, net	829,386	309,970
Insurance recoveries	335,000	23,157,367
Contributions and other income	96,044	47,163
Total operating revenue and support	42,820,954	34,276,019
OPERATING EXPENSES		
Program services		
Events	17,880,822	5,194,516
Flight operations and services	6,932,924	5,588,566
Innovation, marketing and strategy	3,486,927	2,240,879
Government affairs, policy and advocacy	3,256,182	3,102,618
Communications	3,045,127	2,051,473
Education, training and workforce development	1,344,139	2,118,639
Total program services	35,946,121	20,296,691
Supporting services		
Infrastructure and support	6,663,603	3,857,686
Total supporting services	6,663,603	3,857,686
Total operating expenses	42,609,724	24,154,377
Change in net assets without donor restrictions from operations	211,230	10,121,642
OTHER ACTIVITIES		
Postretirement benefit-related changes other than net periodic postretirement benefit cost	(102,484)	(1,124,584)
Other components of net periodic postretirement benefit cost	(121,326)	(135,579)
Net realized and unrealized (losses) gains on investments	(5,852,599)	831,861
Change in net assets without donor restrictions, before non-controlling interest	(5,865,179)	9,693,340
Non-controlling interest	(2,052,296)	(3,075,145)
Change in net assets without donor restrictions	(7,917,475)	6,618,195
Net assets without donor restrictions, beginning of the year	25,225,375	18,607,180
Net assets without donor restrictions, end of year	\$ 17,307,900	\$ 25,225,375

See accompanying notes to combined financial statements.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

PROGRAM SERVICES

	Events	Flight operations and services	Innovation, Marketing and Strategy	Government affairs, policy and advocacy
Salaries & benefits	\$3,049,074	\$5,404,193	\$2,521,715	\$1,545,970
Professional services	5,514,879	65,965	568,226	1,072,613
Meetings	6,083,472	24,721	40,170	3,819
Occupancy	392,291	338,009	151,148	90,954
Catering	1,697,576	19,183	37,275	0
Travel	827,424	268,465	76,495	38,005
Credit card & banking fees	102,283	4,530	165	55
Sponsorships & contributions	42,773	202,677	8,500	398,900
Dues & subscriptions	11,945	470,902	15,167	85,787
Insurance	252,821	18,186	0	0
Depreciation & amortization	30,611	62,679	28,155	17,758
Advertising & promotional	251,115	0	7,151	0
Equipment rental & maintenance	1,540	0	0	0
Postage, shipping & delivery	41,882	1,770	23,406	791
Telephone	1,252	3,832	1,885	1,365
Printing	19,401	7,646	496	0
Supplies	35,127	1,780	1,535	10
Other	(474,644)	38,386	5,438	155
TOTAL OPERATING EXPENSES	17,880,822	6,932,924	3,486,927	3,256,182
Other components of net periodic postretirement benefit cost	15,119	29,098	11,460	8,240
TOTAL	\$17,895,941	\$6,962,022	\$3,498,387	\$3,264,422

See accompanying notes to combined financial statements.

SUPPORTING SERVICES

Communications	Education, training and workforce development	Total program services	Infrastructure and support	Total supporting services	Total operating expenses
\$1,429,944	\$857,381	\$14,808,277	\$1,589,810	\$1,589,810	\$16,398,087
1,295,162	428,303	8,945,148	1,914,267	1,914,267	10,859,415
15,151	-	6,167,333	100,646	100,646	6,267,979
94,051	53,791	1,120,244	1,037,444	1,037,444	2,157,688
20,155	(130,844)	1,643,345	93,382	93,382	1,736,727
35,658	30,561	1,276,608	346,438	346,438	1,623,046
0	55	107,088	646,497	646,497	753,585
0	375	653,225	80,427	80,427	733,652
78,074	6,296	668,171	39,753	39,753	707,924
8,954	49,382	329,343	236,964	236,964	566,307
16,409	9,964	165,576	97,135	97,135	262,711
2,039	0	260,305	0	0	260,305
300	0	1,840	117,563	117,563	119,403
513	19,252	87,614	13,658	13,658	101,272
0	358	8,692	91,164	91,164	99,856
48,087	7,749	83,379	5,747	5,747	89,126
235	190	38,877	14,865	14,865	53,742
395	11,326	(418,944)	237,843	237,843	(181,101)
3,045,127	1,344,139	35,946,121	6,663,603	6,663,603	42,609,724
7,644	4,623	76,184	45,142	45,142	121,326
\$3,052,771	\$1,348,762	\$36,022,305	\$6,708,745	\$6,708,745	\$42,731,050

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

PROGRAM SERVICES

	Events	Flight operations and services	Innovation, Marketing and Strategy	Government affairs, policy and advocacy
Salaries & benefits	\$2,868,432	\$4,531,705	\$1,349,417	\$1,234,434
Professional services	914,825	45,294	593,042	1,280,747
Meetings	272,498	884	2,500	612
Occupancy	719,853	301,231	88,184	85,478
Catering	0	0	655	300
Travel	23,444	6,785	1,156	2,719
Credit card & banking fees	13,079	0	0	40
Sponsorships & contri- butions	15,000	79,720	2,000	412,050
Dues & subscriptions	21,182	489,750	8,908	65,578
Insurance	248,046	29,583	0	0
Depreciation & amortization	37,438	64,242	19,448	18,410
Advertising & promotional	38,798	0	59,523	0
Equipment rental & maintenance	0	0	0	0
Postage, shipping & delivery	11,903	606	86,686	485
Telephone	948	2,825	1,694	1,300
Printing	6,816	12,700	22,783	0
Supplies	254	883	351	465
Other	2,000	22,358	4,532	0
TOTAL OPERATING EXPENSES	5,194,516	5,588,566	2,240,879	3,102,618
Other components of net periodic postretirement benefit cost	19,304	32,840	8,006	9,092
TOTAL	\$5,213,820	\$5,621,406	\$2,248,885	\$3,111,710

See accompanying notes to combined financial statements.

SUPPORTING SERVICES

Communications	Education, training and workforce development	Total program services	Infrastructure and support	Total supporting services	Total operating expenses
\$1,165,338	\$1,333,578	\$12,482,904	\$313,961	\$313,961	\$12,796,865
670,124	389,854	3,893,886	1,694,774	1,694,774	5,588,660
53,687	(13,105)	317,076	5,000	5,000	322,076
76,233	274,188	1,545,167	778,334	778,334	2,323,501
0	0	955	25,923	25,923	26,878
15	150	34,269	60,369	60,369	94,638
0	0	13,119	351,945	351,945	365,064
0	0	508,770	20,000	20,000	528,770
50,423	7,531	643,372	36,558	36,558	679,930
11,574	28,332	317,535	225,517	225,517	543,052
16,812	19,777	176,127	106,535	106,535	282,662
0	47,932	146,253	0	0	146,253
300	0	300	134,508	134,508	134,808
444	22,407	122,531	11,024	11,024	133,555
0	0	6,767	83,564	83,564	90,331
6,101	3,960	52,360	2,082	2,082	54,442
277	193	2,423	3,004	3,004	5,427
145	3,842	32,877	4,588	4,588	37,465
2,051,473	2,118,639	20,296,691	3,857,686	3,857,686	24,154,377
8,348	9,785	87,375	48,204	48,204	135,579
\$2,059,821	\$2,128,424	\$20,384,066	\$3,905,890	\$3,905,890	\$24,289,956

COMBINED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2022 and 2021

CASH FLOWS FROM OPERATING ACTIVITIES	2022	2021
Change in net assets without donor restrictions	\$ (7,917,475)	\$ 6,618,195
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities		
Depreciation and amortization	262,711	282,662
Bad debt expense (recovery)	9,884	(36,042)
(Premium) discount for cash surrender value of split dollar life insurance policy	(4,452)	26,233
Net realized and unrealized losses (gains) on investments in marketable securities	5,852,599	(831,861)
Non-controlling interest	2,052,296	3,075,145
Deferred rent	(288,801)	45,747
Accrued postretirement benefit obligation	(7,413)	(787,153)
(Increase) decrease in assets		
Accounts receivable	(534,970)	324,850
Prepaid expenses and other current assets	(247,918)	(12,700)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	4,399,235	2,174,684
Deferred revenue - membership dues	(560,983)	842,728
Deferred revenue - conventions, conferences, and forums	(2,002,468)	865,672
Other deferred revenue	(168,737)	104,971
Net cash provided by operating activities	843,508	12,693,131
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	(84,420)	(33,462)
Officer loan proceeds disbursed	(375,000)	(375,000)
Purchases of investments in marketable securities	(30,188,102)	(43,574,608)
Proceeds from sales of investments in marketable securities	29,375,312	41,774,476
Net cash used in investing activities	(1,272,210)	(2,208,594)
CASH FLOWS FROM FINANCING ACTIVITY		
Capital distributions - LLC Member	0	(2,819,752)
Net cash used in financing activity	0	(2,819,752)
(Decrease) increase in cash and cash equivalents	(428,702)	7,664,785
Cash and cash equivalents, beginning of year	11,428,886	3,764,101
Cash and cash equivalents, end of year	\$ 11,000,184	\$ 11,428,886

See accompanying notes to combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

National Business Aviation Association, Inc. (NBAA) is a business association of organizations that own or operate aircraft in the conduct of their business or provide services to the owners of business aircraft. NBAA was organized in 1947 for the purpose of furthering the cause of safety and economy of business aircraft operators. NBAA's activities are funded primarily by meeting exhibit rental fees, static display fees, registration fees and sponsorships. Additionally, NBAA funds its operations from membership dues, professional development, publications and service fees.

NBAA Charities raises funds to support a number of philanthropic organizations and initiatives that use general aviation airplanes for humanitarian purposes.

EBACE, LLC (EBACE) was formed in 2001 by NBAA and European Business Aviation Association (EBAA) with each party having a 50% ownership interest. EBACE conducts the European Business Aviation Convention and Exhibition, which is the premier European business aviation event and the annual meeting place for the European business aviation community. The exhibition is also the largest European educational event in the aviation industry. The exhibition is a three-day event held in Geneva, Switzerland.

NBAA-ABACE China Limited (NBAA China) was established in April 2014 in China to host conferences and exhibitions; in particular the Asian Business Aviation Conference and Exhibition (ABACE Show). NBAA China is 100% owned by NBAA.

ABACE, LLC (ABACE) was formed in November 2017 by NBAA; ABACE conducts the ABACE Show, which is the premier Asian business aviation event and the annual meeting place for the Asian business aviation community. The exhibition is a three-day event held in Shanghai, China. The ABACE Show was not held in 2020, 2021 or 2022 due to COVID-19 (see Note 4). NBAA is the sole member of ABACE.

Basis of Combination

The combined financial statements are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and have been prepared on the accrual basis of accounting and include the accounts of NBAA, NBAA Charities, EBACE, NBAA China, and ABACE (collectively referred to as "the Association"). NBAA Charities, NBAA China, and ABACE have been combined as required under U.S. GAAP due to the presence of common control. As a result of the overall management function by NBAA for EBACE, combined statements are presented. All intercompany balances and transactions have been eliminated in combination.

Cash Equivalents

The Association considers all highly liquid instruments, which are to be used for current operations and which have an original maturity of three months or less, to be cash equivalents. All other highly liquid instruments, which are to be used for the long-term purposes of the Association, are classified as investments in marketable securities.

Accounts Receivable

Accounts receivable consists primarily of amounts due from the sale of exhibit space, sponsorships, advertising, publications, and convention registrations. The allowance method is used to determine the uncollectible amounts. The allowance is based upon prior years' experience and management's analysis of subsequent collections.

Investments in Marketable Securities

Equity securities and all debt securities are carried at readily determinable fair values. Interest, dividends, unrealized and realized gains and losses are included in the combined statements of activities.

Furniture and Equipment

Furniture and equipment are recorded at cost. The Association capitalizes all expenditures for furniture and equipment over \$500. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to seven years. Leasehold improvements are amortized using the straight-line method over the shorter of the useful life of the asset or the remaining term of the lease. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

Deferred Revenue

Deferred revenue consists of membership dues and amounts received to reserve exhibit booth space and registration fees for conventions, conferences, seminars and forums. The Association recognizes related revenues when the conventions, conferences, seminars and forums occur. Membership dues are recognized on a pro rata basis over the annual membership period.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use in general operations.

Revenue Recognition

The Association recognizes revenue when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Association expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Association combines it with other performance obligations until a distinct bundle of goods or services exists. The Association expects that the period between when the Association transfers goods and services to their customers and when

the customers pay for those goods and services will be one year or less. Therefore, the Association has elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component. Amounts received in advance of services performed, but not yet earned, are recorded as deferred revenue. In addition, sponsorships for meeting or conference related revenues can be affected by the location of the meeting or conference.

Annual meeting and conventions, conferences, forums and seminars, and professional development, publications, and other service products

Registration

Event registration revenue includes revenue from registrations related to events. Performance obligations are satisfied at a point in time, the time of the event. Discounts may be offered for early payment for registration depending on the time of purchase. Refunds are limited and are not significant. Therefore, no refund liability was recorded. Payment is primarily due at the time of purchase.

Exhibit and aircraft display fees and sponsorships

Exhibitor and aircraft display fees and sponsorships revenue includes revenue from exhibit space and sponsorship related to events. Exhibit fees include indoors booth space rental, aircraft display space rental and chalet booth space rental. Each service is priced separately, and payment terms and conditions vary. Exhibitors may receive additional benefits to space rental including complimentary and discounted admission for their staff and guests to events. Performance obligations are satisfied at a point in time, the time of the event. Discounts are offered for early payment for exhibit space depending on the time of purchase.

There are a number of different sponsorship opportunities. Sponsors receive benefits such as brand awareness, recognition within the meetings program and other benefits. Performance obligations are satisfied at a point in time, the time of the event. There are no refunds for exhibit space and sponsorships. Standard payment terms for exhibits and sponsorships are 30 days from purchase.

Advertising

For advertising, the transaction price is the price charged by the Association for the customer to publish the advertisement(s) in the Association's website, events, print/digital magazine, billboard banners and podcasts. Upon the customer's purchase of the service, the Association defers the revenue until the date the advertisement is published and, as such, the Association recognizes revenue at a point in time, on the publication date. Amounts paid in advance are recorded as a liability until the advertising services are provided to the customer.

Rental income

Rental income includes revenue from renting meeting rooms for press conferences and vehicles for key exhibitors at events. Performance obligations are satisfied at a point in time, the time of the event, when the services are transferred. Discounts are

offered for early payment for rental fees depending on the time of purchase. Refunds are offered for meeting rooms for press conferences and are not significant. Standard payment terms for rental income is 30 days from purchase.

Rebates

Rebates relates to fixed revenue generated from hotels for the Association occupying predetermined quantities of hotel rooms for events. Performance obligations are satisfied at a point in time, the time of the event, when the services are transferred. Discounts are not offered and there are no refunds. Standard payment terms for rebates are 30 days following the event.

Membership dues

The Association provides member benefits to business, operating and professional members. Member benefits that extend to all member types include advocacy work, discounted event registration fees, a complimentary subscription to Business Aviation Insider, access to members-only content and resources on the Association website and the Association's social network, Air Mail.

Operating member dues are based on the number and type of aircraft a member company owns and operates. The operating member benefits also extend to anyone in the member company who is added to the roster and include the benefits listed above plus the ability to sponsor and exhibit at Association events and access to management tools, such as the NBAA Compensation Survey.

Business member dues are based on the member company's revenue tier. The business member benefits extend to anyone in the member company who is added to the roster and include the benefits listed above plus the ability to sponsor and exhibit at Association events as well as access to management tools, such as the NBAA Compensation Survey.

Professional members are individual members whose dues rate is based on membership classification type (Professional, Aspiring Professional, Student, Retiree). The professional member benefits include those listed above and extend only to the individual member.

Revenue is recognized over time, ratably during the membership term, as the benefits are provided evenly over the term of the membership using the output method. The Association has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Association's performance completed to date. Therefore, the Association recognizes revenues in the amount invoiced upon payment. The discount for registration fees is considered a material right and is recognized at the time of the event for which the member bought the discounted registration which is when the service is delivered and when the right expires. Payment is due when a member's term renews and may not be refundable.

Membership affinity services

NBAA offers a comprehensive suite of benefits, services and products that give member companies of all types and sizes the tools they need to run their businesses and make the best use of their business aircraft. These programs include workers compensation insurance, loss-of-license insurance, re-targeted advertising and marketing services, credit card processing services, shipping discounts, job board, and office supply discount programs. Performance obligations are satisfied at a point in time. The Association has a right to invoice and receive consideration from a customer in an amount that corresponds directly with the value to the customer of the Association's performance completed. Therefore, the Association recognizes revenues in the amount to which the Association has the right to invoice.

Air traffic service fees

Air traffic service fees are subscriptions to have NBAA represent the interests of business aircraft operators from the floor of the FAA's Air Traffic Control System Command Center (ATCSCC) to ensure equitable access to airports and airspace in the daily management of the National Airspace System (NAS). Air Traffic Services subscriptions are offered in three categories, premier, updates, and flight plan service providers. Revenue is recognized over time ratably during the subscription term as the benefits are provided evenly over the term of the subscription using the output method. The Association has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Association's performance completed to date. Therefore, the Association recognizes revenues in the amount to which the Association has the right to invoice. Payment is due when a subscriber's term renews and may not be refundable.

Insurance Recoveries

The Association purchased event cancellation insurance coverage for its events and submitted an event insurance claim to cover the financial impact incurred from the cancellation of its in-person events (see Note 4). The insurer paid incurred costs and projected profit from not holding in-person events, which totaled \$23,492,367. Total insurance claims settled and paid of \$335,000 and \$23,157,367, respectively, were recorded as revenue in the accompanying statements of activities during the years ended June 30, 2022 and 2021.

Expenses

Expenses are recognized by the Association during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the combined statements of activities. The combined statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses

directly attributable to a specific program are reported as expenses of that program. Common costs such as salaries and benefits, depreciation, and occupancy, are all allocated based on salaries by program. This basis is consistently applied.

Use of Estimates

The preparation of the combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments and Concentrations of Credit Risk

Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash and cash equivalents and investments held at creditworthy financial institutions (see Note 3). Credit risk with respect to accounts receivable is limited because the Association deals with a large number of customers over a wide geographic area.

Fair Value Measurements

Financial instruments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for further information related to fair value measurements.

Non-controlling Interest

The combined financial statements are presented as if NBAA and EBAA have similar economic interests in EBACE. As a result, the investment in the non-controlling interest is reported as net assets without donor restrictions in the combined financial statements. Furthermore, the combined financial statements include 100% of EBACE's earnings, rather than only NBAA's share. Lastly, transactions between NBAA and EBACE are reported in net assets without donor restrictions as transactions between entities provided that these transactions do not create a change in control.

Recent Accounting Pronouncements Not Yet Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2021. Early adoption is permitted. In transition, a lessee and a lessor will recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospec-

tive approach includes a number of optional practical expedients. These practical expedients relate to identifying and classifying leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. ASU 2018-11 was issued in June 2018 that also permits entities to choose to initially apply ASU 2016-02 at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. ASU 2016-02 is effective for the Association's fiscal year 2023. Management continues to evaluate the potential impact of these updates on the combined financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU was issued to provide optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions affected by reference rate reform. The optional expedients assist in accounting for the replacement of reference rates in agreements due to the reference rate reform. This elective update provides optional expedients and exceptions to the accounting requirement to evaluate each contract modification to determine whether it creates a new contract. The London Interbank Offered Rate (LIBOR) will be discontinued, which will require modification to debt agreements, lease agreements, and other contracts that reference this rate. ASU 2020-04 is effective from March 12, 2020 through December 31, 2022. Management continues to evaluate the potential impact of this update on the combined financial statements.

The Association has assessed other accounting pronouncements issued or effective during the year ended June 30, 2022 and deemed they were not applicable to the Association or are not anticipated to have a material effect on the combined financial statements.

2. INCOME TAXES/TAX STATUS

NBAA has been granted an exemption by the Internal Revenue Service (the IRS) from Federal income taxes under the provisions of Section 501(c)(6) of the Internal Revenue Code (the IRC), except for any relevant tax on lobbying activities, unrelated business income, and tax on certain payroll related items. NBAA is required to report these items to the IRS and the District of Columbia. NBAA recorded income tax expense of \$220,412 and \$32,111 for the years ended June 30, 2022 and 2021, respectively.

NBAA Charities has received a determination letter from the IRS that they are not subject to income tax on their exempt activities under Section 501(c)(3) of the IRC. NBAA Charities had no unrelated business taxable income during the years ended June 30, 2022 and 2021.

NBAA China is a wholly foreign-owned enterprise organized in China, and is treated as a foreign corporation for federal income tax purposes. NBAA China is required to pay taxes in accordance with laws and regulations of the People's Republic of China. NBAA China is also taxable at the rate applicable to U.S. corporations on its share of any net income that is effectively connected with the conduct of a U.S. trade or business. Additionally, NBAA China has recognized a loss during the years ended June 30, 2022 and 2021, and does not have material unrecognized temporary tax differences. NBAA China has accrued taxes in accounts payable and accrued expenses in the accompanying combined statements of financial position of \$0 and \$491,533 for the years ended June 30, 2022 and 2021, respectively, under Accounting Standards Codification (ASC) 740-10, *Accounting for Income Taxes*. Since NBAA has not held the ABACE Show for the last three years, NBAA has written-off the income tax accrual and has recorded a reduction to other expenses in the conventions and forums program services expense in the accompanying combined statements of activities and combined statements of functional expenses to net with other expenses to \$474,644.

EBACE is a two-member limited liability company and is treated as a partnership pursuant to Treasury Regulation Section 301.7701-3 for federal income tax purposes. Generally, partnerships are not subject to entity-level federal or state income taxation and, as such, EBACE is not required to provide for income taxes under FASB ASC 740-10, *Accounting for Income Taxes*.

ABACE is a limited liability company for federal income tax purposes. As NBAA is the sole member of ABACE, it is disregarded for income tax purposes and, as such, ABACE is not required to provide for income taxes under FASB ASC 740-10, *Accounting for Income Taxes*.

The Association must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The Association's management believes it has no material uncertain tax positions and; accordingly, it has not recognized any liability for unrecognized tax benefits. For the years ended June 30, 2022 and 2021, the Association did not recognize any interest or penalties.

The tax years ended June 30, 2018 through 2021 remain open to examination by the taxing jurisdictions to which the Association is subject, and they have not been extended beyond the applicable statute of limitations. No examinations are currently in process.

3. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash and cash equivalents and investments in marketable securities held at creditworthy financial institutions. As of June 30, 2022, bank balances in U.S. banks of approximately \$11 million exceeded Federal Deposit Insurance Corporation (FDIC) insurance limits. The Association has not incurred any losses on these instruments.

4. CANCELED EVENTS AND COVID-19

Beginning in late calendar year 2019, the outbreak of the novel coronavirus disease, or COVID-19, has resulted in the declaration of a global pandemic and has adversely affected economic activity across virtually all sectors and industries on a local, national, and global scale. The impact of COVID-19 on the economy and the Association's business continues to be a fluid situation.

Due to COVID-19, a number of NBAA hosted events in 2020 and 2021 were cancelled. NBAA had event cancellation insurance which covered the cancelled events in calendar year 2020. Insurance payments are recorded when approved by the insurance company for payment. During the year ended June 30, 2021, NBAA received approximately \$23 million from its insurance claims for cancelled events.

NBAA did not have insurance coverage for its events in calendar years 2021 and 2022 for COVID-19.

The global pandemic of COVID-19 continues to rapidly evolve, and the Association will continue to monitor the COVID-19 situation closely. The ultimate impact of the COVID-19 pandemic is uncertain and subject to change.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." During the years ended June 30, 2021 and 2020, the Association utilized the payroll tax deferral provisions of CARES for \$190,182 and \$79,384, respectively. Half of this liability was repaid without interest by December 31, 2021 and the remainder is scheduled to be repaid without interest by December 31, 2022. \$134,783 and \$269,566 is included in accounts payable and accrued expenses on the combined statements of financial position as of June 30, 2022 and 2021.

The employee retention tax credit ("ERTC") provides a refundable payroll tax credit for 50 percent of qualified wages paid by employers to employees during the COVID-19 pandemic of which the Association utilized \$467,154 and \$906,231 for the years ended June 30, 2022 and 2021, respectively as an offset to salaries and benefits expense on the combined statement of functional expenses.

Management does not anticipate any potential future impact that the CARES Act may have on the Association's business.

5. FAIR VALUE MEASUREMENTS

The Association follows the provisions of FASB ASC 820, *Fair Value Measurement*, in accounting for fair value measurements. ASC 820 establishes a common definition for fair value to be applied under U.S. GAAP requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants operating within the same marketplace as the Association would use in pricing the Association's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Association are traded. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable as follows:

- **Level 1** – Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- **Level 2** – Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.
- **Level 3** – Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

The asset or liability'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. In determining the appropriate levels, management performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The table below sets forth those assets measured at fair value as of June 30, 2022 on a recurring basis:

Fair value measurement at reporting date using:

Description	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant other unobservable inputs (level 3)	Balance as of June 30, 2022
Money market funds	\$ 297,994	\$ -	\$ -	\$ 297,994
Investment grade fixed income	9,914,842	-	-	9,914,842
U.S. equity securities	14,117,981	-	-	14,117,981
Non-U.S. equity securities	6,976,736	-	-	6,976,736
Large cap – equity securities	581,780	-	-	581,780
Mid cap – equity securities	66,960	-	-	66,960
Small cap – equity securities	170,238	-	-	170,238
Global equity securities	166,902	-	-	166,902
Asset allocation – equities	13,441	-	-	13,441
Life cycle funds	333,159	-	-	333,159
Total	\$ 32,640,033	\$ -	\$ -	\$ 32,640,033

The table below sets forth those assets measured at fair value as of June 30, 2021 on a recurring basis:

Fair value measurement at reporting date using:

Description	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant other unobservable inputs (level 3)	Balance as of June 30, 2021
Money market funds	\$ 303,589	\$ -	\$ -	\$ 303,589
Investment grade fixed income	10,126,174	-	-	10,126,174
U.S. equity securities	16,126,279	-	-	16,126,279
Other fixed income	2,535,081	-	-	2,535,081
Non-U.S. equity securities	7,241,664	-	-	7,241,664
Large cap – equity securities	831,414	-	-	831,414
Mid cap – equity securities	82,822	-	-	82,822
Small cap – equity securities	254,401	-	-	254,401
Global equity securities	264,279	-	-	264,279
Asset allocation – equities	12,707	-	-	12,707
Life cycle funds	378,400	-	-	378,400
Total	\$ 38,156,810	\$ -	\$ -	\$ 38,156,810

The balance of the Association's assets measured at fair value as of June 30, 2022 and 2021 are classified in the combined statements of financial position as follows:

	2022	2021
Investments in marketable securities	\$ 30,948,136	\$ 35,987,945
Deferred compensation investments	1,691,897	2,168,865
	\$ 32,640,033	\$ 38,156,810

6. OFFICER LOAN

During each of the years ended June 30, 2020 through June 30, 2022, NBAA loaned \$375,000 to an officer as part of a split dollar life insurance agreement. The loan has an interest rate ranging from 1.31% to 2.09% and is payable within 60 days of the death of the officer. The life insurance is assigned as collateral for the loan. The loan is recorded on the combined statement of financial position at the cash surrender value of the policy.

7. INVESTMENTS IN MARKETABLE SECURITIES

Investments in marketable securities, at fair value, consist of the following at:

June 30,	2022	2021
Money market funds	\$ 579	\$ 22,696
Investment grade fixed income	9,852,840	10,062,225
Other fixed income	0	2,535,081
U.S. equity securities	14,117,981	16,126,279
Non-U.S. equity securities	6,976,736	7,241,664
	\$ 30,948,136	\$ 35,987,945

Investment return, net consists of the following:

Years ended June 30,	2022	2021
Interest and dividends	\$ 971,465	\$ 361,329
Investment management fees	(142,079)	(51,359)
Unrealized (losses) gains	(5,578,082)	553,500
Realized (losses) gains	(274,517)	278,361
	\$ (5,023,213)	\$ 1,141,831

8. FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following at:

June 30,	2022	2021
Furniture and equipment	\$ 501,336	\$ 492,926
Hardware	339,668	263,657
Software	316,291	316,291
Leasehold improvements	1,287,693	1,287,693
Exhibit booths	659,989	659,989
	3,104,977	3,020,556
Less: accumulated depreciation and amortization	(2,560,738)	(2,298,026)
	\$ 544,239	\$ 722,530

Depreciation and amortization expense was \$262,711 and \$282,662 for the years ended June 30, 2022 and 2021, respectively.

9. POSTRETIREMENT BENEFITS

The Association provides postretirement health care benefits (the Plan) to certain retired employees. Active employees become eligible for benefits after meeting certain age and service requirements. The Plan is contributory for employees under the age of 65 and for employees over age 65 who retire after December 31, 2006. The Plan is unfunded. Effective January 1, 2006, the Plan no longer accepts new participants.

The following table sets forth the Plan's funded status:

June 30,	2022	2021
Postretirement benefit obligation, beginning of year	\$ 1,621,523	\$ 2,408,676
Interest cost	75,353	112,539
Service cost	30,588	69,341
Actuarial gain	(42,258)	(889,289)
Benefits paid	(71,096)	(79,744)
Postretirement benefit obligation, end of year	\$ 1,614,110	\$ 1,621,523

Accumulated postretirement benefit obligation for amounts due for retired and active employees consist of the following:

June 30,	2022	2021
Accrued postretirement benefit obligation - postretirement liability:		
Active participants, not yet eligible	\$ 591,243	\$ 612,789
Fully eligible active participants	116,266	56,919
Retirees, disabled and dependents	906,601	951,815
Accrued postretirement benefit obligation	\$ 1,614,110	\$ 1,621,523

Amounts recognized in the Association's combined statements of financial position consist of the following:

June 30,	2022	2021
Accrued postretirement benefit obligation - postretirement liability:		
Current	\$ 70,707	\$ 71,096
Non-current	1,543,403	1,550,427
Accrued postretirement benefit obligation	\$ 1,614,110	\$ 1,621,523
Postretirement benefit obligation, end of year	\$ 1,614,110	\$ 1,621,523
Fair value of plan assets	0	0
Unfunded status (accrued postretirement benefit obligation)	\$ 1,614,110	\$ 1,621,523

The accrued postretirement benefit obligation is included in the accompanying combined statements of financial position.

Items not yet recognized as a component of net periodic postretirement benefit cost and the net amount recognized:

Years ended June 30,	2022	2021
Transition obligation	\$ 0	\$ 0
Prior service credit	(1,210,704)	(1,398,411)
Net actuarial loss	2,152,934	2,443,125
Total items not yet recognized	\$ 942,230	\$ 1,044,714

Pension related changes other than net periodic postretirement benefit cost:

Years ended June 30,	2022	2021
Prior service (credit) cost	\$ (187,707)	\$ 1,449,068
Net loss (gain)	290,191	(324,484)
Total pension related changes other than net periodic postretirement benefit cost	\$ 102,484	\$ 1,124,584

Components of net periodic postretirement benefit cost in the accompanying combined statements of activities:

Years ended June 30,	2022	2021
Service cost	\$ 28,422	\$ 30,588
Interest cost	75,010	75,353
Amortization of losses	234,022	247,932
Amortization of unrecognized prior service credit	(187,706)	(187,706)
Net periodic post-retirement benefit costs	\$ 149,748	\$ 166,167

Amounts paid by the Association for retiree post-retirement benefits during the year ended June 30, 2022 and 2021 were \$71,096 and \$79,744, respectively.

Weighted average assumptions used to determine the benefit obligation are as follows:

Years ended June 30,	2022	2021
Discount rate	4.75%	4.75%
Rate of compensation increase	N/A	N/A
Initial health care cost trend	6.50%	6.50%
Ultimate health care cost trend	6.00% (2024)	6.00% (2023)
Probability of retiree electing coverage	100%	100%

The health care cost trend rate assumption has a significant effect on the amounts reported in the accompanying combined financial statements. If the assumed rates were to increase or decrease by one percentage point in each year, it would increase or decrease the postretirement benefit obligation as of June 30, 2022 by \$234,227 and \$(191,973), respectively.

Contributions

As the plan is unfunded, contributions are expected to be equivalent to future estimated benefit payments. Accordingly, for the year ended June 30, 2022, the Association expects to contribute \$70,707 to its postretirement healthcare benefit plan during the year ending June 30, 2023.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years ending June 30,	
2023	\$ 70,707
2024	75,175
2025	82,672
2026	84,207
2027	85,011
Thereafter	486,625

Given the estimates included in the calculation of this accumulated benefit obligation, it is possible amounts recorded under the Plan may change in the near term.

10. DEFERRED COMPENSATION

During fiscal year 2007, the Association established a nonqualified deferred compensation plan (a "457(b) plan") for senior executives and other management or highly compensated employees. The Association holds assets totaling \$1,691,897 and \$2,168,865 as of June 30, 2022 and 2021, respectively, which are reported as deferred compensation investments and a deferred compensation liability in the accompanying combined

statements of financial position. The assets are subject to the claims of general creditors. The investments of the trust are held in separate accounts for investment purposes but are designated by the Board for use to satisfy this deferred compensation liability. All contributions to the plan are from employees and no contributions have been made by the Association for the years ended June 30, 2022 and 2021. Investment gains and losses from the deferred compensation investments are recorded directly to the asset account and the corresponding liability account.

11. MARGIN LOAN

In December 2011, the Association executed a margin loan authorization agreement with a financial institution. The Association can borrow up to 50% of the balance of the securities held at the institution. The margin loan bears interest at the 30-day LIBOR rate plus 190 basis points. The loan is secured by securities held in accounts at the same financial institution. The loan and interest are payable on demand. There were no borrowings on the margin loan during the years ended June 30, 2022 and 2021. There are no outstanding balances due as of June 30, 2022 and 2021. Subsequent to the year ended June 30, 2022, \$3 million was borrowed.

12. COMMITMENTS AND CONTINGENCIES

Operating Lease

In March 2013, the Association signed an office lease with a term through December 2024. The Association made a security deposit of \$74,829 which is included in prepaid expenses and other assets in the accompanying combined statements of financial position. Under the terms of the lease agreement, the Association received sixteen months of free rent, which is being amortized over the life of the lease, on a straight-line basis. The amortization of the rent abatement is shown as a reduction in future minimum lease payments. The first payment began in January 2015. The lease also provided a tenant improvement allowance of \$1,451,587 which was used for leasehold improvements and furniture. The tenant improvement allowance is amortized over the shorter of the lease or the asset life. A related liability was recorded and the amount is being amortized over the term of lease as a reduction to rent expense. The Association began to amortize the leasehold improvements and the related liability when the Association took physical possession of the office space in August 2013.

During fiscal year 2020, the Association renegotiated the terms of the office lease. The Association received a rent reduction of 30% per month for 18 months during fiscal years 2020 and 2021, which will be repaid in full through increased rental payments in fiscal years 2022 through 2024. On July 25, 2022, the Association executed a letter of intent to extend the lease term and modify the rental payments, rent abatement, and tenant improvement allowance. The final lease amendment has not been executed.

Future minimum rental payments, by year and in the aggregate, under the operating lease for the office space are as follows:

Years ending June 30,	
2023	\$ 1,236,583
2024	1,257,860
2025	547,970
	\$ 3,042,413

Rent expense for the years ended June 30, 2022 and 2021 totaled \$780,472 and \$747,315, respectively.

Commitments for Convention and Conference Facilities

The Association is committed under agreements for conventions, conferences and hotel space through the year 2027. The total commitment under the agreements is not determinable as it depends upon attendance and other unknown factors. In the event that the Association cancels the agreements, the Association may be subject to liquidating damages.

Contingency

NBAA holds the ABACE Show in China. The ABACE Show is 100% owned by NBAA. Both the ABACE Show and EBACE are overseas conventions and these shows incur risks such as currency fluctuation, foreign taxes and foreign country political issues. The Association does not believe that neither the ABACE Show nor EBACE have incurred any liabilities that are probable and can be valued related to these risks, which are not already included in the combined financial statements.

13. EMPLOYEE RETIREMENT PLAN

During the year ended June 30, 1998, the Association established the National Business Aviation Association, Inc. 401(k) Profit Sharing Plan and Trust (the Plan) for all eligible employees. All Plan participants have the option of deferring a percentage of their annual salary, subject to IRS limitations. The Association may match a portion of the salary deferred by each employee. For the years ended June 30, 2022 and 2021, the Association contributed \$628,110 and \$286,268, respectively, to the Plan.

14. RELATED PARTIES

The Association is a member of the International Business Aviation Council (IBAC) along with fourteen other aviation member groups. Administrative, overhead and direct costs are borne by IBAC member groups through assessments. Costs incurred by the Association to support IBAC were \$430,000 and \$434,414 for the years ended June 30, 2022 and 2021, respectively.

The National Business Aviation Association, Inc. Political Action Committee (NBAA PAC) is a non-profit political association that was registered with the Federal Election Commission on June 17, 1996. Administrative, overhead and direct costs incurred by NBAA PAC during the years ended June 30, 2022 and 2021 are immaterial and; therefore, are not included in the combined financial statements.

The Association is a member of the Alliance for Aviation Across America (AAAA). AAAA is a diverse coalition of aviation enthusiasts and professionals, local airports, and civic organizations representing rural and agriculture voices, city, county and state officials, economic development entities, non-profit organizations, small and mid-size businesses and others dedicated to protecting small and rural communities. AAAA is dedicated to properly modernizing America's air traffic control system to enhance safety, promote efficiency and expand capacity in order to ensure all Americans have access to air transportation. During the years ended June 30, 2022 and 2021, NBAA contributed \$389,400 and \$392,050, respectively, to support AAAA.

15. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Association's financial assets as of the date of the combined statement of financial position, reduced by amounts not available for general expenditure within one year of the date of the combined statement of financial position because of donor-imposed or other restrictions, if any, as of June 30:

June 30,	2022	2021
Cash and cash equivalents	\$ 11,000,184	\$ 11,428,886
Accounts receivable	792,481	267,395
Financial assets available to meet cash needs for general expenditures within one year	\$ 11,792,665	\$ 11,696,281

As part of the Association's liquidity management plan, the Association invests cash in excess of daily requirements in short-term investments, certificates of deposit, and money market funds. All funds are without donor restrictions. Although the Association does not intend to spend from investments in marketable securities, with balances of \$30,948,136 and \$35,987,945 as of June 30, 2022 and 2021, respectively, these can be used if necessary. Additionally, the Association can borrow up to 50% of the balance of the securities through a margin loan (see Note 11).

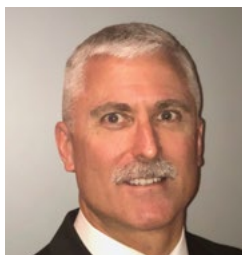
16. SUBSEQUENT EVENTS

The Association evaluated subsequent events through October 4, 2022, which is the date the combined financial statements were available to be issued. Other than the activity described in Note 11 for the margin loan and Note 12 for the lease, there were no additional events noted that required adjustment to or disclosure in these combined financial statements.

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The Advisory Council exists to help NBAA define the relationship among all segments of the membership; to recommend programs that would improve communications between those segments; and to advise the NBAA Board of Directors on areas of interest to business members.

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NBAA

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About NBAA

Founded in 1947 and based in Washington, DC, the National Business Aviation Association (NBAA) is the leading organization for companies that rely on general aviation aircraft to help make their businesses more efficient, productive and successful. The association represents more than 10,000 companies and professionals, and provides more than 100 products and services to the business aviation community, including the NBAA Business Aviation Convention & Exhibition (NBAA-BACE), the world's largest civil aviation trade show.