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2023 NBAA ANNUAL REPORT

YEAR IN REVIEW

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NBAA President and CEO Ed Bolen: Safety Remained at the Forefront of NBAA Advocacy in 2023

Business aviation’s top priority – safety – was high on the agenda in Washington, DC throughout 2023. And, make no mistake, there is work to be done.

The past year was bracketed by a pair of troubling runway incursion events involving business aircraft, which served as a reminder to all of us that safety and professionalism on the flight deck is paramount.

In January, I testified before Congress about business aviation’s safety leadership, emphasizing the need for all stakeholders to work together to ensure that America remains the gold standard for aviation. As 2023 ended, I reaffirmed that safety is a core value across our industry in a panel discussion at the U.S. Chamber of Commerce.

Throughout the year, NBAA also responded strongly to the FAA’s troubling proposal regarding implementation of safety management systems (SMS) in business aviation, emphasizing to regulators that effective SMS must be tailored to the size and complexity of the flight operation – a strong message that NBAA members also sent to the agency in their comments on the FAA’s SMS proposal.

In a year that also included many legislative, regulatory and workforce challenges, safety remained the paramount focus for NBAA and business aviation stakeholders alike. Our industry must not only be safe; it must also be perceived as safe, and our association will continue advocating for greater business aviation safety throughout 2024.

Safety

NBAA ADVISES CONGRESS: FAA REAUTHORIZATION MUST SEIZE OPPORTUNITIES TO CONSTANTLY ENHANCE SAFETY

In testimony before a February hearing by the U.S. House Transportation and Infrastructure Committee on reauthorization for the FAA, NBAA President and CEO Ed Bolen outlined business aviation’s legacy of safety leadership and detailed specific ways to ensure that safety remains the North Star that guides the industry’s future.

Bolen pointed to multiple areas in which business aviation has led the way on aviation safety, including the development of pioneering technologies such as GPS and TCAS. Business aviation also collaborates with the FAA on its Aviation Safety Information Analysis and Sharing (ASIAS) initiative, as well as the development of the International Standard for Business Aviation Operations, or IS-BAO.

“Since the dawn of flight, safety has been integral to everything we do, on the ground and in the air,” Bolen said. “Safety is not a destination; it is a journey and a practice that requires vigilance and a supportive culture to thrive.”



AT FAA SUMMIT, BOLEN SAYS INDUSTRY COLLABORATION IS KEY TO AMERICA’S CONTINUED SAFETY LEADERSHIP

On March 15, the FAA convened a rare Safety Summit following a spate of technical failures, runway incursions and other safety incidents that garnered headlines and highlighted the urgency of the agency’s mission to adapt to an ever-evolving National Airspace System.

NBAA President and CEO Ed Bolen emphasized the importance of collaboration, communication and engagement among

all stakeholders in ensuring that America continues to set the standard for aviation safety around the world.

“Complacency is our enemy and vigilance is our responsibility,” Bolen said. “We have lots of layers of safety and redundancy, and sometimes [they] allow someone to say, ‘I can relax.’ But that’s not who we are.”

Bolen also underscored the importance of ensuring that any new FAA SMS mandate is scalable to the diversity of operational types across the aviation sector – a concern that has surfaced in light of the agency’s proposed rule requiring Part 135 certificate holders, Part 91.147 air tour operators and certain Part 21 type certificate and production certificate holders to implement SMS in their operations.

“A saw is a great cutting tool. A scalpel is a great cutting tool. But they’re not interchangeable,” Bolen said. “Getting the rule right and scaling it for the diversity of all operations is really important.”



NBAA CALLS ON FAA TO AMEND SMS PROPOSAL TO BETTER SUPPORT BUSINESS AVIATION

In comments submitted April 11 to the FAA, NBAA made clear that – while the industry supports initiatives to enhance the safety of flight – the agency’s new proposal to expand airline safety management system (SMS) regulations onto business aviation misses the mark.

In comments about the FAA SMS Notice of Proposed Rulemaking (NPRM) filed to the federal docket, the association pointed to several specific concerns, including the lack of scalability and flexibility in the proposal to smaller operators; an inadequate timeline to effectively implement SMS requirements; and uncertainty over whether the FAA is sufficiently equipped to effectively approve and oversee thousands of new SMS programs.

NBAA President and CEO Ed Bolen noted the association provided a number of actionable recommendations to the FAA to address those and other areas of concern. “We welcome the opportunity to work together to explore new pathways for safety that are effective, flexible and scalable for all types of entrepreneurs and companies that rely on business aviation,” he said.

NBAA WELCOMES PASSAGE OF NOTAM IMPROVEMENT ACT

In direct response to a national outage of the Notice to Air Missions (NOTAMs) system, Congress passed the NOTAM Improvement Act with an NBAA-backed amendment calling for a deadline of Sept. 30, 2024 for the FAA to implement a new Federal NOTAM System (FNS) and an accompanying backup system to mitigate the impact of any primary system outages.

Rep. Pete Stauber (R-8-MN) and Rep. Mark DeSaulnier (D-10-CA) sponsored the bill in the House, while Senate legislation was backed by Sen. Amy Klobuchar (D-MN) and co-sponsors Sens. Jerry Moran (R-KS) and Shelley Moore Capito (R-WV).

BAI: SAFETY AND SUSTAINABILITY GO HAND IN HAND

Even though safety and sustainability may seem like separate topics, the May/June 2023 Safety Issue of NBAA’s *Business Aviation Insider* addressed how they’re increasingly interrelated.

Much like earlier perspectives on safety, some people only see the costs associated with sustainability or consider it a political issue. “Sustainability is a similar story that safety was back then,” said Darryl Young, director of international trip planning at AEG Fuels. “No one wants to increase their costs, but we need to show the value of the flight department.”

Motivation to support sustainability often comes from leadership – which could feel pressure to move quickly – but it’s important to assess the risk from change, said Stewart D’Leon, CAM, NBAA director of environmental and technical operations. “Sustainability efforts should trigger your SMS risk assessment and change-management processes.”

Small operational changes can have a big impact on sustainability and can result in increased efficiency – a win-win situation. Consider reviewing policies around flight planning standards, such as cruise speeds and levels, optimizing for fuel burn versus time enroute.



Flight departments must consider the safety impacts and conduct a risk assessment prior to implementing any new sustainability initiative, noted Bas de Bruijn, a member of NBAA’s Environmental Subcommittee. However, most such policies should have, at worst, a neutral safety impact.

“Sustainability is becoming increasingly important; however, safety must never be compromised or overlooked,” de Bruijn added.

BOLEN TELLS BOMBARDIER SAFETY STANDDOWN: WE MUST REMAIN VIGILANT ON SAFETY

In his keynote address to open the 2023 Bombardier Safety Standdown, NBAA President and CEO Ed Bolen said that the industry must remain vigilant as it makes safety its highest calling.

“What could corrupt us in our effort to be safe?” Bolen asked at the conference’s opening session. “Maybe fatigue, maybe distraction, maybe confusion, maybe pressure, maybe addiction. There are a lot of chances to be corrupted in our pledge, in our trust, in our responsibility toward safety. But it is also our great opportunity to move our industry forward.”

“All of us know, without safety, our industry is not going forward,” Bolen added. “We operate on trust – trust from the public, trust from our companies, trust from ourselves and our families – that when we fly, we will land, and we will land safely.”

Bolen noted that NBAA was created more than 75 years ago, with a mission to foster an environment that enables business aviation to thrive.

NBAA UNVEILS RUNWAY-FOCUSED WORKING GROUP

In written testimony submitted as part of a Nov. 9 Senate hearing, NBAA President and CEO Ed Bolen noted the business aviation community’s longstanding, comprehensive approach to aviation safety and pointed to a new, dedicated NBAA Runway and Surface Safety Working Group focused specifically on runway and surface incidents.

Formation of the group is intended to build upon decades of experience acquired from the work of NBAA, its committees and the association’s broader membership, in concert with government agencies and experts across several professions, to maintain a holistic focus on aviation safety.

“Since NBAA was founded in 1947, we have been intentional in developing partnerships with government leaders and other stakeholders” in prioritizing safety, Bolen said. “NBAA will continue to engage with our members and other stakeholders to continually improve aviation safety.”

Bolen’s testimony was offered as part of the hearing, held by the Senate Committee on Commerce, Science and Transportation’s Subcommittee on Aviation Safety, Operations and Innovation. The hearing was titled, “Addressing Close Calls to Improve Aviation Safety.”

NBAA UNVEILS NEW GUIDE ON REDUCING RUNWAY EXCURSIONS AND HOLDS FREE RUNWAY SAFETY WEBINAR

Runway excursions are the leading cause of accidents in business aviation. According to the Flight Safety Foundation, business jet operations experienced 79 runway excursions from 2017 to 2022, accounting for nearly 41% of business jet accidents during that period. Six of the excursions were fatal, resulting in 18 total deaths.

In November, NBAA produced a new publication titled, "Reducing Runway Excursions in Business Aviation: A high-level guide on mitigating the risks." The 25-page document examines many of the psychological and physical factors that cause excursions during takeoffs and landings and explains how to address them in training programs and safety management systems.

In addition to causing tragic loss of life, runway excursions damage or destroy airplanes, lead to costly litigation and harm the reputations of operators and pilots. They also have fueled significant increases in insurance premiums for the aviation sector in recent years.

To further call attention to the need to elevate runway safety, the association hosted a free NBAA News Hour webinar featuring experts from NBAA, the FAA and the NTSB who offered their perspectives on how to bring the best runway and surface safety practices to the flight deck.

BAI: LESSONS LEARNED FROM BUSINESS AVIATION ACCIDENTS

Despite constant industry efforts to improve safety, accident investigations typically reveal familiar and shared causal factors. NBAA's Business Aviation Insider (BAI) publication highlighted lessons learned from three high-profile business aviation accidents, including the December 2014 loss of an Embraer Phenom 100 landing in Gaithersburg, MD, which claimed six lives, including three on the ground.

Several aspects of that accident pointed to the importance of professionalism when operating an aircraft, especially as a single pilot. "This pilot was plainly in a hurry, with very little time elapsed between engine start and taking the runway," said NTSB Office of Aviation Safety Director Tim LeBaron, who served as the Board's investigator-in-charge (IIC) for this accident. "Throughout our investigation, we found several basic things that all pilots should be doing every time they fly, which he simply wasn't doing."

The BAI report also included perspectives on the takeoff crash

of a Cessna Citation 560XL in Oroville, CA, caused by the pilot's failure to release the parking brake before attempting to initiate the takeoff, and the July 2021 loss of a Bombardier Challenger 605 on a non-standard circling approach to California's Truckee Tahoe Airport (TRK).

In the latter accident, the NTSB noted the Challenger crew had briefed for a straight-in approach to Runway 11, but ATC routed the flight toward Runway 22 with a circling approach to Runway 11.



NEW NBAA SAFETY RESOURCE EMPOWERS OPERATORS OF ALL SIZES TO IMPROVE PERFORMANCE USING DATA

To encourage operators to take advantage of data monitoring to significantly reduce risk, operate more efficiently and decrease costs and legal liability, the NBAA Safety Committee developed the new Safety Data Collection, Analysis and Sharing section of the NBAA website. This resource is built to make it easy for operators to understand safety data and the costs and benefits it can bring.

The website includes a wealth of information on narrative safety reporting and flight data monitoring (FDM), along with case studies showing how operations have achieved success with these programs, and a road-map of steps for operators to develop their own safety data programs. Also included: an extensive collection of valuable safety data collection, analysis and sharing resources.

"Our new content provides real value, but to truly get the most out of it, it's important to have the right kind of culture," said NBAA Safety Committee member Jeff Mittelman. "Changing culture can be hard, but couldn't be more worth it."

RISK MANAGEMENT IN FOCUS AT 2023 SINGLE-PILOT SAFETY STANDDOWN

Case studies of accidents – and the important lessons operators can learn from them – were in focus at the 2023 Single-Pilot Safety Standdown, which took place prior to the opening of the 2023 NBAA Business Aviation Convention & Exhibition (NBAA-BACE).

Piper Aircraft's Jonathon Hirsch described the 4M model of safety: mission, man, machine and medium (or environment) as a basis for safe single-pilot operations. Alaska Airlines Capt. Rich Loudon explained typical flight-risk assessment tools (FRAT) and the traditional threat and error management (TEM) model, which requires a pilot to anticipate, respond to and mitigate threats or risk.

The weakest link in the aviation safety system is the human, said Quay Snyder, MD, MSPH, of Aviation Medicine Advisory Service, explaining when machines fail it's often in significant ways, but "in humans, we fail in very subtle ways."

Owner-pilot association representatives also shared the importance of participating in these groups to share experiences and improve risk mitigation in the owner-pilot community.



SMALL OPERATORS SYMPOSIUM HIGHLIGHTS IMPORTANCE OF TRUST WHEN LEADING A FLIGHT OPERATION

The importance of establishing, maintaining – and, occasionally, rebuilding – trust in a small flight department was examined at the Small Operators Symposium, which took place prior to the opening of the 2023 NBAA Business Aviation Convention & Exhibition (NBAA-BACE).

The ability to cultivate leadership is particularly important for smaller operations with fewer team members, noted Solairus Aviation's Mark Lusnar, PhD. However, it's equally important that leaders avoid common pitfalls that, while often made with good intentions, may lead to more harm than good.

Nurturing an open, honest and trusting environment also means more than simply using those words; it requires the ability to provide genuine feedback, "which doesn't mean praise," Lusnar

clarified. "Praise is nice, but let's not confuse it with feedback, which hinges on behavior.

"One of the big challenges is, how do you rebuild trust once it's broken?" Lusnar added. "We have to try to level the playing field. We must acknowledge the behavior, apologize for it and promise accountability."

NATIONAL SAFETY FORUM CONCLUDES WITH FOCUS ON POSITIVE SAFETY CULTURES DRIVING SMS

Held throughout the 2023 NBAA Business Aviation Convention & Exhibition (NBAA-BACE), the NBAA National Safety Forum concluded with perspectives from top industry safety leaders, recognition of those who lead the safety discussion by example and discussions about the value of safety management systems (SMS) in developing an effective, positive safety culture.

"NBAA was founded in 1947 when 19 companies came together and said, 'We need to pool our resources and our expertise to foster aviation safety, to promote professionalism and to ensure access to airports and air-space,'" said NBAA President and CEO Ed Bolen in leading off the session.

"You'll notice that safety was first," he added. "That is our top priority, our core value, our North Star. Business aviation cannot survive if we are not safe and we are not perceived to be safe."

Negative safety cultures run counter to that mission. "When I think of [safety] culture, I think of the predominant attitudes and behaviors that characterize your organization," said NTSB member Michael Graham. "Some are threatening cultures, even punitive, which of course are not conducive to SMS."

JD Witzig, vice president of aviation for Pfizer, noted safety cultures can be nurtured by frontline employees up through management, or vice versa. "You have to begin with being committed and then you have to be consistent," Witzig said. "You have to take your time [and] allow your team to see that this is the most important thing to you."

NBAA Chief Operating Officer Chris Rocheleau, who formerly served with the FAA, noted the agency also grappled with those questions. "In 2015 when the [FAA] created the compliance philosophy, it had to reinforce with inspectors that [most] people are trying to do the right thing," Rocheleau said. "Just because there's something wrong didn't have to mean it was intentional."

The session also recognized this year's recipients of NBAA's Flying Safety Awards recognizing 50, 60 and 75 years of safe operations, as well as those who received the 2023 NBAA Dr. Tony Kern Professionalism in Aviation Award.



Sustainability

NEW 'CLIMBING. FAST.' INDUSTRY ADVOCACY CAMPAIGN SPOTLIGHTS BUSINESS AVIATION'S SUSTAINABILITY LEADERSHIP

Business aviation leaders gathered on the opening day of the 2023 NBAA Business Aviation Convention & Exhibition (NBAA-BACE) to unveil CLIMBING. FAST., a new advocacy campaign aimed at setting the record straight on the industry's many societal benefits, including its leadership role in sustainability, underscored by a sharp focus on achieving net-zero carbon emissions from flight in the years to come.

"The business aviation industry has long been essential in providing economic opportunities for a next-generation workforce, helping companies of all sizes succeed, connecting America's communities and delivering humanitarian assistance for those in need," said NBAA President and CEO Ed Bolen. "Equally important, our industry has long made an ambitious commitment to sustainability, with measurable results.

"Our new, branded CLIMBING. FAST. initiative will take this message to policymakers, opinion leaders and other key audiences, informing perceptions about the industry's sustainability record and value," Bolen added.

The CLIMBING. FAST. program will utilize a strategic approach to spreading the industry's message on sustainability, including through a dedicated website, paid digital advertising and targeted social media and media relations campaigns.

The campaign emphasizes business aviation's value as an incubator for innovation and the industry's pioneering work to make its net-zero carbon emissions goal a reality, including through the development of eco-friendly aircraft that use ultra-efficient engines, including hybrid, electric and even hydrogen-powered propulsion; the production of sustainable aviation fuel (SAF), which can reduce net-carbon emissions by 80%; and, the use of smarter, faster, more efficient routings that require less energy.

The unified industry campaign already counts 10 stakeholder organizations in its ranks, whose leaders also stated their enthusiastic support for the new initiative.

BUSINESS AVIATION SUSTAINABILITY SUMMIT HELD THROUGHOUT NBAA-BACE

NBAA hosted a successful, two-day Business Aviation Sustainability Summit as a centerpiece of the 2023 NBAA Business Aviation Convention & Exhibition (NBAA-BACE) in Las Vegas. Industry leaders convened to discuss progress on decarbonization, the transformational technologies that will decrease emissions, policies that could support efforts and challenges the industry faces as it continues its push to reach net-zero emissions.

The summit came as the business aviation sector continues to rapidly advance low-carbon technologies, including sustainable aviation fuel (SAF), and invest in pioneering propulsion systems – including electric, hybrid and hydrogen technologies – while also moving forward with development of advanced air mobility transport.



The summit featured panels about the critical role young professionals play in helping the industry to meet environmental goals; the rapid development of advanced air mobility technologies, and how they benefit urban and rural communities; and discussions about upcoming environmental policies in the U.S. and Europe.

Two invitation-only Newsmakers Luncheons also hosted a panel of experts on the future of hybrid and electric flight, and government and business leaders discussed the industry's plan for achieving net-zero carbon emissions by 2050.

BAI: NBAA EXAMINES WHAT SAF BLENDERS CREDIT MEANS FOR OPERATORS

In early 2023, NBAA's Business Aviation Insider (BAI) magazine examined the effect of new legislation aimed at making sustainable aviation fuel more accessible.

Effective Jan. 1, 2023, a new blenders tax credit (BTC) made SAF producers eligible for a \$1.25 per gallon credit for each gallon of SAF sold as part of a qualified fuel mixture with a demonstrated life-cycle greenhouse gas (GHG) reduction of at least 50% compared to conventional jet fuel.

The standalone SAF tax credit increases by one cent for each percentage point by which the life cycle GHG emissions reduction of such fuel exceeds 50%, up to \$1.75 per gallon for a 100% reduction.

The SAF BTC will run through the end of 2024, after which the Clean Fuel Production Credit (CFPC) will apply to all transportation fuels, based on the level of GHG reduction performance against a baseline emissions factor. However, SAF producers will be eligible for enhanced credits up to \$1.75 per gallon – 25 cents higher than other fuels – when demonstrating a 100% GHG reduction.

Combined, these two programs offer producers long-term incentive to invest in SAF production, noted Karen Huggard, vice

president of government affairs for the National Air Transportation Association. Huggard also expressed optimism that end users will benefit from these efforts.

"We could see adjustments to the price per gallon of SAF once companies file their Q1 2023 tax reports, which will reflect the new credit," Huggard said.

General Aviation Manufacturers Association President and CEO Pete Bunce emphasized the importance of SAF as a key pillar to reducing the aviation industry's carbon footprint and achieving net-zero CO₂ emissions by 2050 – key pillars of the Business Aviation

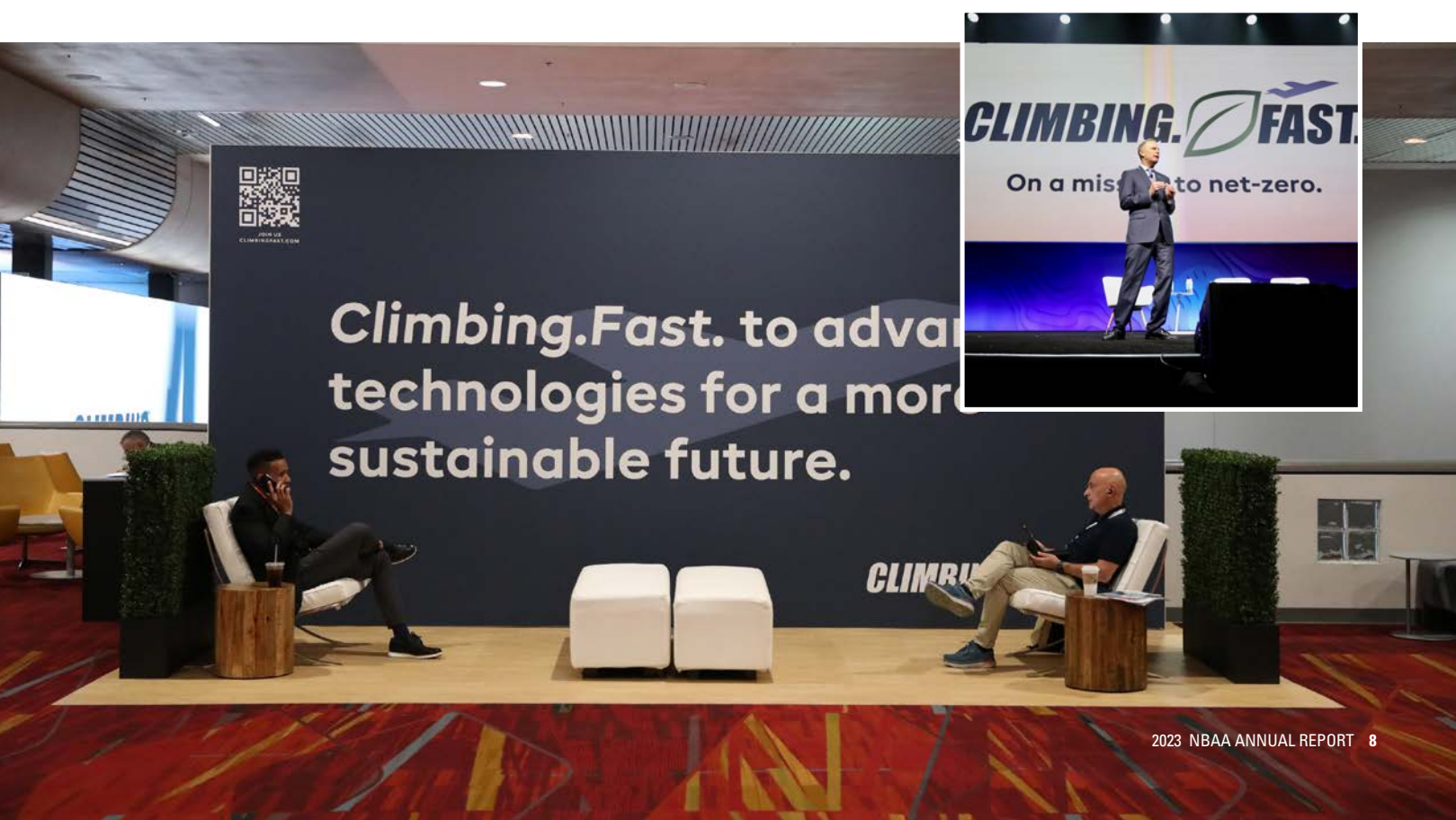
Commitment on Climate Change.

"The SAF Blender's Tax Credit and the Department of Transportation SAF grant/tech development program being signed into law, along with additional administration efforts, are important steps forward," Bunce said. "We must continue to strengthen partnership efforts from the administration and U.S. Congress to help ensure that SAF production will increase significantly in the coming years."



SUSTAINABLE AVIATION FUEL FRONT AND CENTER AT NBAA-BACE, EBACE

Aircraft flying into Las Vegas' three airports for NBAA-BACE had an opportunity to fuel up with sustainable aviation fuel (SAF), an innovation that can reduce aviation net-carbon emissions by up to 80%. SAF was also available at Switzerland's Geneva Airport (GVA) during the 2023 European Business Aviation Convention & Exhibition, held from May 23-25.





NEARLY 80 COMPANIES TAKE 2023 NBAA-BACE EXHIBITOR SUSTAINABILITY PLEDGE

Seventy-eight exhibitors took part in the 2023 NBAA-BACE Sustainability Pledge aimed at making business aviation's largest global event a more sustainable show. These exhibitors pledged to follow sustainable exhibiting practices when producing their booth, as well as operating more sustainably while on-site, through simple practices for managing waste, water and energy at their exhibits and making sustainable procurement decisions.

BUSINESS AVIATION COALITION PROMOTES INITIATIVE TO MAKE FLIGHTS TO, FROM WORLD ECONOMIC FORUM MORE SUSTAINABLE

NBAA was part of a global coalition focused on business aviation sustainability that offered a market-based solution to help reduce carbon emissions for flights to and from the World Economic Forum's 2023 meeting in Davos, Basel, Switzerland-based Jet Aviation AG encouraged those utilizing business aviation to travel to the Davos forum to use book-and-claim, a transaction that enables the purchase of SAF, even if it is not available from their departing airport.



NBAA RECOGNIZES SUSTAINABLE FLIGHT DEPARTMENT ACCREDITATION RECIPIENTS

NBAA's Sustainable Flight Department Accreditation continued to grow in 2023, as more than a dozen companies were recognized for their leadership in sustainable flight operations. NBAA also accredited several other entities that wished to remain anonymous.

Companies ranged from OEMs (Boeing, Embraer, Gulfstream) to flight departments (Coca-Cola Company, Cox Aviation LLC and Dell Technologies Corporate Aviation) and service providers (MedAire, Inc., and RTX.)

The program, which was launched in 2022, includes four independent accreditations: flight, ground support, operations and infrastructure. The categories are aimed at recognizing the diversity of business aviation entities and different emissions scopes.

NBAA PROVIDES GUIDANCE ON SAF USE FOR LOCAL BIZAV GROUP'S WEBINAR

A January webinar sponsored by the Pacific Northwest Business Aviation Association (PNBAA) highlighted efforts to promote SAF, as well as the challenges facing wider usage in the U.S. aviation industry.

The industry envisions producing 3 billion gallons of domestic SAF by 2030, and 35 billion gallons by 2050. Producers have considerable work ahead to meet those goals since current SAF production levels are hovering around 5 million gallons annually, in part because there are so few SAF producers in the U.S.

Stewart D'Leon, NBAA director of environmental and technical operations, told attendees, "It's important to uptake as much [SAF] as we can, to send those demand signals to the producers. But I think it's equally important to send those signals to your FBOs or your direct fuel provider that we want the fuel."

D'Leon also highlighted the Business Aviation Coalition for Sustainable Aviation Fuel's website as a valuable resource for those who want to learn more about SAF.

NBAA JOINS CALL TO PRIORITIZE FY24 FUNDING FOR KEY AVIATION SUSTAINABILITY PROGRAMS

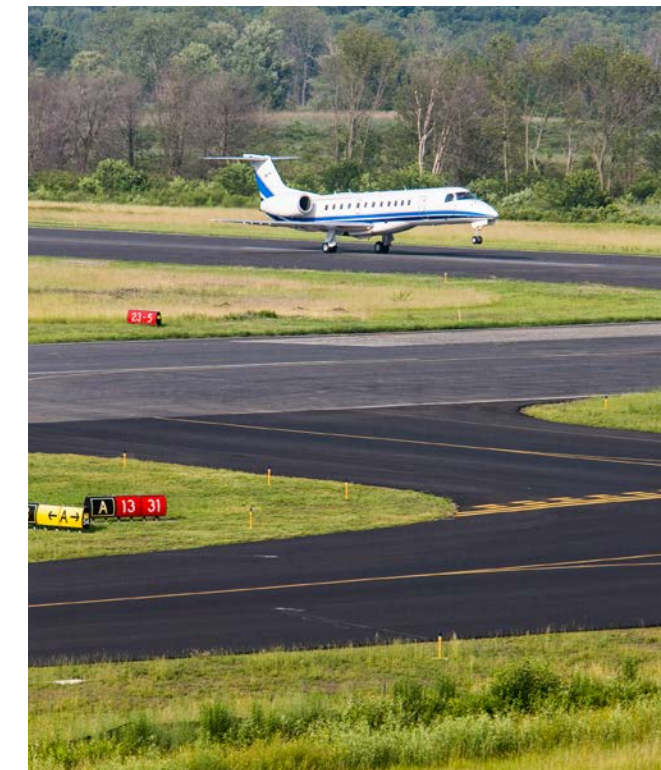
In May, NBAA joined with more than 35 aviation and biofuel industry stakeholders in calling for leaders of the U.S. House and Senate Appropriations Committees to prioritize funding in the fiscal year 2024 federal budget for key programs working to accelerate the development and deployment of SAF.

The U.S. Department of Energy (DOE) Bioenergy Technologies Office (BETO) and the FAA NextGen Environmental Research programs are both vital to increasing SAF production and making it more widely available to aviation users, noted the letter to House Appropriations Committee Chair Rep. Kay Granger (R-12-TX) and Ranking Member Rep. Rosa DeLauro (D-3-CT), and Senate Appropriations Chair Sen. Patty Murray (D-WA) and Vice Chair Sen. Susan Collins (R-ME).

"Continued federal investments in research, development and demonstration (RD&D) are essential to lower costs, unlock new, cleaner ways of making these fuels, and to foster a competitive SAF market," the coalition letter stated. "With this foundation of support, the emerging SAF industry will also create jobs and provide new economic opportunities in rural communities across America."

Part of the DOE's Office of Energy Efficiency and Renewable Energy, BETO supports RD&D to enable the sustainable use of domestic biomass and waste resources for the production of biofuels and bioproducts. BETO grants have helped make biofuels more affordable, the letter noted, utilizing a diverse array of feedstocks including municipal solid waste, agriculture residues and carbon dioxide. The coalition requested full funding of the office at \$323 million.

The letter further requested \$70.8 million for the FAA's Next-Gen Environmental Research programs that are similarly working to scale up and deploy SAF and other aviation technologies to reduce aviation emissions.



NBAA CALLS OUT DC THINK TANK'S ATTEMPT TO IGNORE BUSINESS AVIATION'S SUSTAINABILITY LEADERSHIP

NBAA forcefully challenged a DC-based think tank's study for promoting a misleading caricature of business aviation that ignored the sector's sustainability leadership and the industry's essential role in the nation's economy and transportation system.

The report, released by the partisan, Washington, DC-based Institute for Policy Studies, omitted key information about the game-changing innovations that continually lower the carbon footprint for business aviation. It overlooked independent survey data that provides a true representation of the industry as one comprised mostly of small and mid-size companies, flying largely to communities lacking airline service, typically with mid-level employees aboard.

As a final deceptive claim, the study recommended dramatic hikes in costs for those relying on business aviation to operate in the nation's air transportation system, looking past the reality – as noted by no less an authority than the International Civil Aviation Organization (ICAO) – that the system's costs are largely driven by the operations of commercial airlines, given the scale and complexity of the carriers' hub-and-spoke operations.

"Unsurprisingly, the report provided none of this information, instead falling back on the tired practice of disparaging an entire industry to sound a predictable call for a raft of punitive taxes, fees and regulations disguised as 'proposals,'" the association noted. "Rather than being distracted by the overheated rhetoric the report offers in support of this agenda, NBAA urges an honest discussion of business aviation's societal benefits and environmental leadership."

NBAA REPUDIATES OP-ED'S ATTEMPT TO TARNISH BIZAV SUSTAINABILITY RECORD

When a Washington, DC-based interest group promoting a caricature of the industry omitted key facts about its sustainability record, NBAA President and CEO Ed Bolen was quick to respond.

The opinion piece, published in the Bangor (Maine) Daily News, failed to mention the industry's sustainability record — including a 40% reduction in carbon emissions over four decades, and a pledge to leverage new technologies and other innovations to achieve net-zero emissions in the coming years.

Bolen wrote: "Here's the bottom line: business aviation provides a host of societal benefits, in an increasingly sustainable manner, making it indispensable in Maine and across the country."



Events

NBAA-BACE DEMONSTRATES: BUSINESS AVIATION IS CLIMBING FAST

NBAA concluded a momentous 2023 Business Aviation Convention & Exhibition (NBAA-BACE), underscoring the industry’s mission to achieve net-zero flight, and celebrating the trailblazers and technology building toward that future.

“NBAA-BACE brought together the thrilling innovations and industry visionaries shaping the future of aviation,” said NBAA President and CEO Ed Bolen. “We had a huge number of exciting product launches, and showcased the breakthroughs in propulsion, increasingly efficient aircraft and sustainable aviation fuel (SAF) that are cutting emissions while transforming mobility.”

Sustainability permeated the agenda, with a dozen leaders from across the industry leveraging business aviation’s largest event to launch a new initiative, CLIMBING. FAST., affirming the entire sector’s commitment to net-zero emissions by 2050.

For the first time ever, an electric air taxi soared over the aircraft display at Nevada’s Henderson Executive Airport (HND), as advanced air mobility (AAM) pioneer Volocopter demonstrated its 2X multirotor personal air vehicle.

The show also made clear that business aviation’s drive to decarbonize is built on a foundation of safety. In a keynote discussion with Bolen, NTSB Chair Jennifer Homendy and FAA Deputy Administrator Katie Thomson detailed their work with business aviation stakeholders to continually enhance aviation safety and efficiency.

More than 800 exhibitors showcased stunning concepts, including unmanned aircraft systems and AAM vehicles in the Emerging Tech Pavilion



from VoltAero, Wisk and others. Just outside the convention center, BLADE Urban Air Mobility returned with its popular flights to the airport, offering a look at evolving on-demand aviation models.

In moving keynotes, barrier-breaking aviators captivated crowds. Retired Col. Nicole Malachowski shared how she overcame hurdles and self-doubt to become the U.S. Air Force’s first female Thunderbird pilot. Also, successful aviator and entrepreneur Jared Isaacman talked with his fellow civilian astronaut Dr. Sian Proctor about their historic journey into space.

Three aircraft that were used to shoot exhilarating flights for the blockbuster film “Top Gun: Maverick” were parked on the show floor: an Aero L-39 “Cinejet,” an Embraer Phenom 300 Camera Jet and an Airbus H125 Camera Helicopter.

Tennis superstars and powerhouse philanthropists Andre Agassi and Stefanie Graf also inspired keynote audiences, as did Shark Tank investor and FUBU CEO Daymond John, with stories of triumphing over adversity and making meaningful change in peoples’ lives.

NEW AIRCRAFT, SUSTAINABILITY AND INNOVATION CAPTURE IMAGINATIONS AT EBACE2023

Game-changing technologies, the debut of all-new aircraft, groundbreaking solutions for sustainable flight and exciting market opportunities were all center stage for one of the most consequential editions of the European Business Aviation Convention & Exhibition (EBACE) to date.

EBACE2023 featured a full and bustling exhibit floor, a sold-out aircraft display and packed sessions on the show floor – including a new Sustainability Theater. Held from May 23-25 at the Palexpo convention center and adjacent Geneva Airport (GVA), the annual event – the largest of its kind in Europe – was co-hosted by NBAA and EBAA.

With a drumbeat of announcements from aircraft manufacturers, the show featured the unveiling of Textron Aviation’s new

Cessna Citation Ascend, and the EBACE debut of Airbus Corporate Jets’ ACJ TwoTwenty, Bombardier’s Challenger 3500 and Gulfstream’s G800.

The show opened with a blockbuster keynote with Formula One powerhouse duo Toto and Susie Wolff, while in a first-of-its-kind panel on the show’s media day, CEOs from top aircraft manufacturers shared their investments in low-emissions technologies aimed at achieving their goal of decarbonizing business aviation.

In a top-billed session, Patrick Ky, the executive director of the European Union Aviation Safety Agency (EASA) and Michael Huerta, the former FAA administrator who serves on the boards of Joby Aviation and Delta Air Lines, talked with AAM developers. With leaders promising certification and the first commercial flights in 2024 – amid several AAM aircraft displayed on the show floor – EBACE affirmed the new mode of air transport will soon become a reality.

The Tuesday keynote session also included SolarStratos CEO Raphaël Domjan, whose solar-powered aircraft, capable of flights into the stratosphere, could reshape the very definition of aviation. A newsmakers series brought together leaders from government, industry and philanthropy to discuss transforming aviation’s most pressing challenges into its most promising opportunities.

EBACE2023 also promoted the production and use of sustainable aviation fuel (SAF) with a sold-out supply of SAF at GVA for the show week, availability of the fuel at select U.S. airports and an EBACE book-and-claim option at a U.S. airport where the fuel was not present.

Carbon emissions by all attendees traveling to and from the show – and by the 22 hotels and their shuttle buses used for EBACE – were offset by carbon credits provided through a partnership with 4AIR.



NBAA KICKS OFF 2023 WITH RECORD-BREAKING SCHEDULERS & DISPATCHERS CONFERENCE

The new year started off strong for the business aviation community, as NBAA’s 2023 Schedulers & Dispatchers Conference (SDC2023) broke attendance records, offered abundant opportunities for education and networking and showcased the momentum driving the industry.

The event featured more than 460 exhibit booths and in excess of 3,400 attendees, including more than 350 first-time attendees. This year’s conference, which was themed, “Community, connections and a little bit country,” featured more than 30 education sessions, including professional development program courses covering a wide range of the industry’s most pressing issues.

The SDC2023 keynote session opened with a mini-concert featuring Grammy-winning songwriter Josh Kear, then continued with a motivating story of finding the courage to achieve your dreams by U.S. Air Force combat veteran and former Thunderbird lead solo pilot Michelle “Mace” Curran.

“Putting ourselves out there can be terrifying, but I promise you the cost of stagnating because of that fear outweighs the feeling of vulnerability,” Curran said as she shared stories about her career and how conquering fear led to more personal and professional happiness.

“There will be days of uncertainty, but you can be bold and brave,” Curran added. “It will help you create deeper connections and a stronger community, and you will be unstoppable.”

Prior to the official opening of SDC2023, about 30 attendees took time to volunteer at Nashville-based Thistle Farms, which for 25 years has provided a path of healing and hope for women survivors of trafficking, prostitution and addiction.



NBAA MOURNS THE LOSS OF EBAA SECRETARY-GENERAL ATHAR HUSAIN KHAN

This year’s edition of EBACE was dedicated to the memory and legacy of Athar Husain Khan, the secretary-general of EBAA, who died unexpectedly March 26.

“Athar was a trusted partner, respected leader and true aviation professional,” said NBAA President and CEO Ed Bolen. “He will be deeply missed.”

Husain Khan was named secretary-general of EBAA in July 2018 and worked closely with NBAA on many issues and events, most notably EBACE.



NBAA'S INTERNATIONAL OPERATORS CONFERENCE REACHES NEW HEIGHTS IN GATHERING GLOBAL BUSINESS EXPERTISE

NBAA's 2023 International Operators Conference (IOC2023) in Austin, TX, may have been the 50th edition of the event, but its 500-plus attendees agreed that the conference set a new standard by gathering the best expertise available for utilizing business aviation in a world that is more integrated and increasingly complex.

NBAA'S RECORD-SETTING LEADERSHIP CONFERENCE PROMOTES DYNAMIC EXCELLENCE

The 2023 NBAA Leadership Conference made history in Charlotte, NC, as nearly 500 attendees heard from world-class speakers with timely lessons for unleashing excellence, in business aviation and beyond.

The conference's theme was "dynamic excellence," and it offered attendees expert-led sessions on essential career-building topics such as creating confidence, boosting team morale and maintaining personal excellence.

Compelling speakers – including championship NASCAR driver and entrepreneur Brad Keselowski, author and consultant Todd Henry and Dr. Sian Proctor, the first Black woman to pilot a spacecraft – inspired attendees to set goals and reach new heights. Also at the event, NBAA's Business Aviation Management Committee announced the recipients of its 2023 Leadership Conference Scholarship.

"This leadership conference was not just our largest ever – it had an energy unlike any before it, reflecting the industry's excitement for accessing new ideas and new opportunities, from pioneers and industry professionals alike," said NBAA President and CEO Ed Bolen. "We expect to build on the momentum displayed at this conference in our events throughout the year."

The unforgettable gathering also provided valuable opportunities for multiple business aviation groups to meet, network and collaborate, including NBAA's Owner Pilot Association Coalition (NBAA-OPAC), NBAA's Leadership Council and NBAA's Young Professionals in Business Aviation (YoPro) group, which made a robust showing at the conference with more than 70 attendees.

VIBRANT AND WELL-ATTENDED NBAA REGIONAL FORUMS SHOWCASE MOMENTUM DRIVING INDUSTRY

NBAA hosted a pair of stellar Regional Forums in 2023, with impressive gatherings at business aviation airports in New York and Florida.

On Feb. 8 at Miami-Opa locka Executive Airport (OPF), NBAA's first regional forum for the year was characterized by unbridled enthusiasm for the event's record-breaking crowds, sold-out exhibit floor, bustling networking sessions and sharp focus on the future.

More than 3,200 participants were on hand – a record for an NBAA Opa locka forum – including around 350 students from area schools. The event featured more than 170 exhibitors and 19 aircraft on display.

The forum highlighted the industry's appetite for in-person engagement, which was fostered by the event's focused networking sessions and educational programming.

Attendance and enthusiasm were also high at NBAA's 2023 NBAA White Plains Regional Forum, which took place June 14 at New York's Westchester County Airport (HPN).

"The crowd definitely looked stronger than last year," said Louis Seno, chairman emeritus at Jet Support Services Inc. "I'm hearing people talk about how they're looking at new aircraft acquisitions. They're wanting to take action and make decisions."

Kicking off the forum, NBAA President and CEO Ed Bolen emphasized the importance of a tech-savvy, diverse and effective next generation workforce to move business aviation forward. "We're reaching out to find the best and the brightest," Bolen said. "And we're reaching out in places that may be underrepresented today."



SUCCESSFUL NBAA MAINTENANCE CONFERENCE SHINES FOCUS ON INDUSTRY'S FUTURE

From hosting the event's first-ever Maintenance Competition, to honoring present and former scholarship winners, the 2023 NBAA Maintenance Conference highlighted the importance of passing along the skills and knowledge necessary for the industry's future professionals to succeed.

More than 1,100 attendees and 164 exhibitors were on hand for the show in Hartford, CT, which featured dozens of education sessions – many of which were eligible for Certified Aviation Manager (CAM) and Inspector Authorization (IA) credits.

"With a theme of 'Maximizing Your Personal Toolbox,' every keynote and education session, networking event and fundraising opportunity was focused on the future of the business aviation maintenance industry and encouraging attendees to share what they learned with their coworkers and colleagues," said NBAA Director, Environmental and Technical Operations Stewart D'Leon, CAM.

In addition to education sessions on topics ranging from supply-chain issues, to safety, to workforce, the event also included the conference's first-ever Maintenance Competition, pitting contestants against each other in five skills events. Record-setting aviator/educator Barrington Irving also was on hand to inspire the students and present competition awards.

COMMON CHALLENGES ADDRESSED AT VIRTUAL NBAA SMALL OPERATORS SYMPOSIUM

In June, building on the success of its annual in-person symposium, NBAA hosted its first virtual Small Operators Symposium: "Urgent PIREP: Small Flight Department Administration." Geared toward operators with fewer than four aircraft, industry experts shared insights on the current state of the insurance market, how to safely integrate lower-time pilots, key legal considerations for small operators and using independent contractors.

Joe Williams, senior vice president and managing director of aviation of Marsh McLennan Agency launched the event with an update on the challenging aviation insurance market and reviewed key challenges, including the lack of carriers to cover an increasing number of aircraft.

The reinsurance market is experiencing the same supply-and-demand issues and claims challenges as original insurers. "Get to know your broker and your underwriter and let them get to know you. Explain to the underwriters why you are a good investment for the company," Williams advised.

Flight department companies can be a hidden legal "gotcha" for some Part 91 operators. A flight department company is a separate legal entity created to fly its affiliates around, usually as a liability shield – and that usually requires a Part 135 certificate.

Operational control is another key legal concept for Part 91 operators and can be indicated by which party is responsible for accepting flight requests, obtaining maintenance on the aircraft, training and scheduling the pilots and other factors.



NBAA TAX CONFERENCE EXAMINES THE NUANCES OF CO-OWNERSHIP AGREEMENTS

Held immediately prior to 2023 NBAA-BACE, the 2023 NBAA Tax, Regulatory & Risk Management Conference focused on the numerous, and often con-

tradictory, elements in addressing each of those three facets of business aircraft operations. For example, co-ownership agreements can be a cost-effective way to share expenses on a business aircraft. However, such joint ownership agreements can also quickly lead inexperienced parties to run afoul of the FAA, IRS and state tax authorities.



NBAA HOSTS FIRST IN-PERSON LOCAL, REGIONAL ROUNDTABLE SINCE 2019

NBAA's Local and Regional Group Committee's In-Person Roundtable drew more than 40 attendees who took the opportunity to connect, learn and collaborate with peers and leaders from regional aviation groups across the U.S. This invitation-only event – the first in-person roundtable since 2019 – took place Aug. 16 and 17 at the conference center at Addison Airport (ADS) in Addison, TX. The agenda was tailored for the leaders of new, growing and established regional groups.

Legislation & Advocacy

NBAA LAUDS PASSAGE OF HOUSE FAA REAUTHORIZATION MEASURE AND URGES SENATE ACTION

NBAA welcomed passage by the U.S. House of Representatives of a bipartisan measure to reauthorize the FAA through 2028, which includes key provisions supported by the association and the broader general aviation (GA) community.

The Securing Growth and Robust Leadership in American Aviation Act was introduced June 9 by House Transportation and Infrastructure (T&I) Committee Chair Sam Graves (R-6-MO), along with full Committee Ranking Member Rick Larsen (D-2-WA), Aviation Subcommittee Chairman Garret Graves (R-6-LA) and Aviation Subcommittee Ranking Member Steve Cohen (D-9-TN).

NBAA-supported priorities in the House bill included addressing industry workforce challenges; maintaining the nation's leading global role in aviation through support for the safe and efficient integration of advanced air mobility (AAM) technology and infrastructure; improvements to processes and protocols of the FAA Office of Aerospace Medicine, including pilot mental health; and recognition of the important role of general aviation and prioritization of the segment's role in attracting new talent to aviation with a first-ever general aviation title.

Many similar provisions were included in the Senate's FAA reauthorization bill, introduced June 13. However, S.1939

remained stalled in the committee at the end of 2023 over markups to raise the mandatory pilot retirement age and the addition of new, long-distance flights to Ronald Reagan Washington National Airport (DCA).

The FAA continues to operate through two short-term extensions of the last FAA reauthorization, passed in 2018.

NBAA APPLAUDS SENATE CONFIRMATION OF MIKE WHITAKER TO LEAD FAA

NBAA hailed Senate confirmation in October of Michael Whitaker as permanent administrator of the FAA.

Whitaker – an attorney and private pilot – returned to lead the agency where he served as deputy FAA administrator from 2013-2016. While previously at the agency, he also led the FAA's air traffic modernization efforts as the chief NextGen officer.

Whitaker also stood up the agency's Unmanned Aircraft Systems (UAS) Integration Office, the first FAA organization dedicated to UAS operations in the National Airspace System (NAS).



BOLEN KICKS OFF 2023 REGIONAL OUTREACH IN CHICAGO

NBAA President and CEO Ed Bolen discussed the post-pandemic state of the industry in a Jan. 18 meeting with the Chicago Area Business Aviation Association (CABAA), including sustainability efforts, workforce challenges and, perhaps most importantly, what to expect in the year ahead from a new Congress.

Bolen also discussed issues important to the business aviation community at the local level, including a bill under consideration by the Illinois General Assembly that would create a \$2 per gallon credit for the purchase of sustainable aviation fuel.

NEW BUSINESS AVIATION GROUPS LAUNCHED IN GEORGIA, TEXAS

NBAA marked the formation in early 2023 of two new business aviation groups: the Savannah Area Aviation Association (SAAA) in Georgia and the South Texas Business Aviation Association (STXBAA).

Rapid changes occurring at Savannah/Hilton Head International Airport (SAV) drove the creation of the SAAA, with redevelopment under the airport's master plan – along with a lack of direct communication between airport authority and individual aircraft owners, resulting in several GA pilots being forced to find new hangar space with little notice.

SAAA has already conducted a survey of the GA community in the region and will soon present those results to the Savannah Airport Commission in order to quantify and characterize the GA community's needs.

In Texas, when the Houston Regional Aviation Professionals group dissolved during the pandemic, Austin resident Jill Case thought South and Central Texas still needed a networking platform for the business aviation industry.

So Case, vice president of managed aircraft sales at Executive Jet Management, and a few of her business aviation contacts, with help from NBAA Southwest Central Regional Director Steve Hadley, created the South Texas Business Aviation Association (STXBAA).

Case and her nine-person board based the group at Houston Hobby Airport (HOU) but said the new organization would also cover San Antonio and Austin. Organizers of the STXBAA used the North Texas Business Aviation Association as a model for their setup, Case said.

AT ONE-YEAR MARK, NBAA OWNER-PILOT COALITION FOCUSED ON KEY PRIORITIES FOR BUSINESS AVIATORS

Leaders of the member groups of NBAA's Owner Pilot Association Coalition (NBAA-OPAC) marked the group's first anniversary with a productive planning session focused on a number of new ways the expanding group can strategically coordinate to address top concerns for the owner-aviator community in the coming year.

A key priority for meeting participants was the exploration of potential strategies to lower insurance for owner-operators, particularly for pilots over 70 years of age. The group also made plans for the production of resources to enhance operator safety, looking at innovative ways to lower fuel costs and addressing supply chain difficulties that affect all OEMs and owner-aviators.

"In its first year, the NBAA Owner Pilot Association Coalition has made impressive strides on several key priorities for owner-aviators," said Andrew Broom, NBAA senior vice president for strategy, marketing and innovation. "Although relatively new, this group is proving itself to be more than the sum of its parts. It's a uniquely valuable platform for bringing the owner-pilot community together to find creative solutions for tackling shared challenges. NBAA is excited to continue building on the momentum we've created to date."

Founding members of the NBAA-OPAC include the Citation Jet Pilots Association (CJP); Embraer Jet Operators Association (EJOA); Pilatus Owners and Pilots Association (POPA); Piper M-Class Owners and Pilots Association (PMOPA); TBM Owners and Pilots Association (TBMOPA) and Vision Pilots and Owners (VPO). Four new NBAA-OPAC members joined in 2023: American Bonanza Society (ABS), Cirrus Owners and Pilots Association (COPA), HondaJet Owners and Pilots Association (HJOPA) and Twin Cessna Flyer (TCF).



LOCAL GROUPS HIGHLIGHT KEY OPERATIONAL INFO AS EFFORTS TO PRESERVE EAST HAMPTON'S AIRPORT CONTINUE

In June, NBAA highlighted ways that local stakeholders are helping pilots navigate the unusual operational situation at East Hampton Town Airport (JPX). The Long Island, NY, facility continues to operate as a public-use airport with a voluntary noise abatement program in effect.

With noise concerns at the center of the town's attempts to curtail operations at JPX, the East Hampton Community Alliance (EHCA) developed a "Pilot Pledge" to promote voluntary curfews and noise abatement procedures at JPX.

Meanwhile, stakeholders continue their legal efforts to preserve open access to JPX, as town officials appealed the court's October 2022 decision that restrictions were inconsistent with both state environmental law and the federal Airport Noise and Capacity Act of 1990.

"NBAA recognizes that East Hampton access issues are not isolated to JPX, but have an impact on other airports as well," noted Alex Gertsen, NBAA director of airports and ground infrastructure. "That is not solely up to the pilots. We also need collaboration from schedulers, dispatchers, charter brokers and others to advise travelers of the voluntary curfews and noise abatement procedures.

"While we work collaboratively to protect long-term access to JPX, we look to everyone to fly neighborly and to support us in the air, so that we can be successful in our advocacy efforts on the ground," he said.

NBAA HELPS CELEBRATE NEW KY AIRPORT GRAND OPENING

NBAA was on hand with state and local officials to celebrate the June 28 opening of a new airport in Sparta, KY. Located only a few miles from the Kentucky Speedway, the new Gallatin County Regional Airport (8GK) is the 58th general aviation airport in the Bluegrass State.

The airport features a 5,000-foot by 75-foot concrete runway with a full parallel taxiway and apron. The facility, which will be funded using revenue from jet fuel sales, hangar rental fees and fuel excise tax returns, among other federal, local and state project funds, is expected to host approximately 13,000 takeoffs annually.

The state provided \$18 million to support the facility, filling an "aviation gap" between Louisville, KY, and Cincinnati, OH, according to state officials.



NBAA YOPROS 'FLY IN' TO ADVOCATE FOR BUSINESS AVIATION

NBAA's Young Professionals in Business Aviation (YoPro) Council spent a June day on Capitol Hill meeting with lawmakers on both sides of the aisle and discussing the industry's most pressing priorities – from strengthening the aviation workforce, to digitizing to deliver safety and efficiency, to ensuring infrastructure and other support for advanced air mobility.

NY STATE ASSEMBLY BREAKS WITHOUT PASSING NOISE TAX ON CERTAIN AIRCRAFT

Advocacy efforts by NBAA and other stakeholders helped stop a noise tax proposal for certain helicopter and seaplane operations from becoming law in New York.

NBAA, along with other national and regional associations, strongly opposed NY state Senate Bill 7216, which would have established a tax on noise from non-essential helicopter and seaplane flights in cities with a population of one million or more.

Despite aviation advocacy efforts, the bill passed in the state Senate. The Assembly then closed in early June as planned without passing the companion bill, A7638. However, in an unusual move, the Assembly re-opened for an additional session June 20-21, causing concern among aviation advocates that A7638 might be a priority. That session later closed without any action on the proposed legislation.

"Although our advocacy was effective in this case, and the new noise tax bill will not become law at this time, helicopter and seaplane operations in the New York metro area will continue to face scrutiny in the years ahead," said Brittany Davies, NBAA's Northeast regional director. "NBAA, our partner associations and most importantly local operators, need to be on alert for new challenges to safe use of the airspace in order to protect the future of New York's strong aviation industry."

AVIATION GROUPS QUESTION REGULATORY OVERHAUL FOR FLIGHTS VITAL TO UNDERSERVED COMMUNITIES

In August, NBAA joined with five other leading aviation groups to question the basis for a new FAA notice proposing sweeping revisions to requirements for on-demand air carriers operating Department of Transportation (DOT)-authorized public charter operations, which provide vital air service to small communities.

The FAA Notice of Intent (NOI) suggests potential revisions to the regulatory definitions of "on-demand operation," "supplemental operation" and "scheduled operation" under 14 CFR Part 110, which governs Part 135 public charter carriers conducting Part 380 flights.

FAA regulations govern the operations of air carriers, while DOT Part 380 regulations address economic authority for those offering public charters. Current regulations allow a Part 380 operator to work with any air carrier, including on-demand carriers operating under Part 135.

In putting forward the notice, FAA officials presented a data set pointing to the growth in flights conducted under Part 380 over the past decade as the basis for the agency's proposed regulatory review. However, the operational increase has come with no major incidents or accidents under the current regulatory framework.

The FAA's move followed concerns expressed by several associations earlier this year about inaccurate characterizations of Part 135 operators conducting Part 380 public charter flights in response to one carrier's economic application to the agency to launch such an operation.

While the number of Part 380 operations has increased over the past decade in response to declines in commercial airline service to smaller communities, those flights comprise a very small part of the more than 52 million total operations within the National Airspace System in 2022.

The organizations also expressed concern that changes to public charter regulations could negatively impact innovative transportation solutions that could benefit consumers by increasing the availability and efficiency of on-demand aviation.

NEW NBAA RESOURCE HAS TIPS, TOOLS FOR REGIONAL GROUP LEADERSHIP

In late August, NBAA issued its new Guidelines for Regional Business Aviation Groups, a collection of best practices and resources that reflect the expanded role of today's business aviation industry



and the crucial role of local groups in advocacy and safety education.

The free publication was created by NBAA's Local and Regional Group Committee in collaboration with the association's regional directors. With a focus on workforce development, safety and new technologies of networking, the new guidelines are essential for anyone looking to create a new industry group or enhance their existing organization.

"Just as our industry is evolving and moving forward, so have our guidelines for organizing local and regional groups," said Steve Hadley, NBAA senior director of the regional program and Southwestern Central Region. "These new guidelines are the result of a national series of roundtables, where the Local and Regional Group Committee and NBAA's regional directors sat down with our industry colleagues to understand their needs fully. Informed by these roundtables, we have created a series of best practices and a pool of valuable resources that ensure our community can achieve its highest goals."

Roughly 60 local and regional business aviation groups are now operating in the U.S., and new groups are being created every year. They are a vital link to local communities and often serve as a primary source of information on industry advocacy and legislative efforts. These groups also provide a welcoming venue for young talent and are essential to industry networking.

AVIATION STAKEHOLDERS RESPOND TO EPA ENDANGERMENT FINDING ON LEADED AVGAS

NBAA joined with a coalition of other aviation stakeholder organizations in responding to the U.S. Environmental Protection Agency's (EPA) endangerment finding on lead in aviation gasoline (avgas) issued on Oct. 18.

"We are working with the administration toward the ultimate elimination of lead from avgas, and this finding mirrors and reinforces our shared goal of, and plan for, an unleaded fuel future," the groups wrote. "We remain committed to removing lead from avgas by the end of 2030 or sooner and are making considerable progress toward the introduction of market-viable, high-octane, unleaded, replacement fuels that meet the safety performance needs of the entire U.S. fleet of piston aircraft.

"While the EPA finding is a key step in the process, the EPA is not given the authority to ban, regulate or limit aviation fuel. Instead, the EPA's finding triggers further deliberate rulemaking by FAA as the nation's aviation safety regulator to ensure the successful development and deployment of viable unleaded avgas alternatives, given the critical safety and other issues at stake."



NBAA MARKS THE PASSING OF AAAA EXECUTIVE DIRECTOR SELENA SHILAD

NBAA mourned the Nov. 24 passing of Selena Shilad, a fierce advocate for general aviation and leader of the Alliance for Aviation Across America (AAAA). Shilad joined the AAAAA shortly after the 2007 formation of the non-profit, non-partisan coalition, which was established to raise awareness about the many economic and societal benefits of general aviation and small airports.

Under Shilad's leadership, the AAAAA grew to more than 7,000 individuals, businesses, agricultural groups, FBOs, small airports, local and community elected officials, charitable organizations, law enforcement associations, think tanks, tribal leadership and leading aviation associations.

"Selena was one of the most committed, passionate, resourceful and effective coalition builders and aviation advocates imaginable," said NBAA President and CEO Ed Bolen, who currently serves as chair of the Alliance. "Every single day, she engaged with community leaders, organizations and individuals from across the country to powerfully communicate the central role of general aviation in America."

NBAA COUNTERS INACCURATE REPORTS ON BIZAV FLIGHT TRACKING, AIRPORT IMPORTANCE

When Axios published an article in August about flight tracking, which failed to include policymakers' long-standing, bipartisan support for protecting everyone's fundamental right to privacy, no matter the mode of transportation, NBAA President and CEO Ed Bolen responded immediately.

"Congress and the FAA have long understood the obligation to protect citizens from the very real hazards that can result from real-time tracking of people's movements. After all, the government doesn't shadow drivers' auto commutes, or their passage through tollways, for digital broadcast," Bolen noted. "Similarly, people shouldn't be required to surrender their right to privacy just because they board an aircraft to serve clients, manage far-flung company facilities or compete in a global marketplace, often from towns without easy access to airline flights."

After initially publishing the article without comment from NBAA, Axios added in the association's comments stating, Congress has an understanding that "you shouldn't have to surrender basic security protections because you board an airplane."

Bolen also quickly responded to a September article in the Kansas City Star that downplayed the regional impact from a proposed closure of Charles B. Wheeler Downtown Airport (MKC) to pave the way for an apartment development.

"For starters, the move would prompt the loss of about 700 jobs and nearly \$84 million in yearly economic impact, according to recent estimates," Bolen's letter stated. "The airport also provides essential infrastructure for medical and other humanitarian flights, military exercises and more, while serving as a reliever for Kansas City International Airport, which already accommodates a full airline schedule."

NBAA SUPPORTS CONGRESSIONAL CALL FOR AAM SUPPORT FROM DOT

In February, NBAA welcomed a letter signed by more than two dozen congressional lawmakers urging the U.S. Department of Transportation (DOT) to act swiftly to support the introduction of advanced air mobility (AAM) vehicles into the National Airspace System (NAS) by moving forward to create an interagency AAM working group, as stipulated in the recently passed Advanced Air Mobility Coordination and Leadership Act.

"In just a few short years, electric vertical takeoff and landing (eVTOL) and other forms of emerging aviation technologies will be operating in our [NAS], changing the way in which goods and people move within rural and urban areas," read the Feb. 23 letter to Transportation Secretary Pete Buttigieg from Congressional AAM Caucus Co-Chairs Rep. Jay Obernolte (R-23-CA) and Rep. Jimmy Panetta (D-19-CA) and signed by 26 additional members of Congress.

The letter also called on the DOT to expedite publication of the FAA's upcoming Special Federal Aviation Regulation (SFAR) governing AAM operator training requirements and to develop similar guidance for type certification of AAM vehicles and utilization of existing infrastructure to support AAM operations.

FAA PUBLISHES LONG-AWAITED POWERED-LIFT PROPOSED RULE

In June, the FAA published a preview of the long-awaited Special Federal Aviation Regulation (SFAR) Notice of Proposed Rulemaking (NPRM), addressing operational and airman qualification requirements for powered-lift aircraft. The agency called this rulemaking a key step toward safely enabling AAM and the launch of eVTOL aircraft.

In the proposed rule's preamble, the FAA explains the rulemaking is necessary because existing regulations did not anticipate the diversity in design of the powered-lift aircraft that are beginning to work through the certification process. The existing aeronautical experience requirements for powered-lift aircraft contain roadblocks for training and certificating the initial cadre of powered-lift flight instructors and pilots, the agency said.

Further, the regulations for certain commercial operations in Part 135 do not contain specific regulations addressing qualifications for powered-lift pilots, which creates a safety gap when compared to the Part 135 requirements for pilots of airplanes and helicopters.

"NBAA appreciates the FAA's efforts to release this NPRM expeditiously paving the way for the future of air mobility and we are grateful for the opportunity to answer the agency's questions from the industry's perspective," said Brian Koester, CAM, NBAA director of flight operations and regulatory affairs. "NBAA will work with members and stakeholder groups to

thoroughly evaluate the proposal and suggest opportunities to improve safety and functionality where necessary."

In addition to airman qualifications, the proposed rule addresses several operational rules, allowing for powered-lift operations in Parts 91, 135 and 136 Commercial Air Tours and National Parks Air Tour Management.

AT SECOND ANNIVERSARY, NBAA AAM ROUNDTABLE CONTINUES MOMENTUM, GROWTH

In 2023, NBAA marked the second anniversary of its Advanced Air Mobility (AAM) Roundtable with a focus on ensuring U.S. competitiveness in the AAM market by working with the bipartisan Congressional Advanced Air Mobility Caucus and the leading authorizers in Congress to advance pro-AAM policies in the FAA reauthorization bill.

A January 2023 AAM Roundtable meeting featured congressional representatives from both the House of Representatives and the Senate, and high-level FAA and Department of Energy officials, enabling roundtable members to share their challenges and discuss solutions with those in positions to support progress.

"Electric aviation and AAM represent the next generation of air transportation in this country, with the first commercial AAM flight scheduled to occur in 2025," said Kristie Greco Johnson, NBAA's senior vice president of government affairs. "To achieve this deadline, the FAA must keep pace with aircraft type certifications and the promised regulatory schedule."

The AAM Roundtable, a forum for high-level policy planning with sector leaders to chart a course for the integration of AAM technologies into the nation's airspace and infrastructure, is focused on maintaining the U.S. position as a global leader in aviation and aerospace, as well as harnessing the full safety, economic, environmental and national security potential of AAM.

Founding members of NBAA's AAM Roundtable include Archer Aviation, Joby Aviation, Lilium, Wisk, BETA Technologies, Supernal and Hillwood Aviation, with Overair joining in 2023.





PAVING THE WAY TO AAM SAFETY

A feature in the May/June 2023 Safety Issue of NBAA's *Business Aviation Insider* (BAI) magazine addressed what the industry and regulators have been doing to prepare for safe AAM operations. Safe operations will require coordination of an entire ecosystem of moving parts. Aircraft certification, operations and pilot training, airport infrastructure and airspace integration are just a few of the areas experts must address before AAM operations kick off.

Much has been made of where AAM aircraft will fall in the FAA's traditional safety continuum. Walter Desrosier, vice president of engineering and maintenance at the General Aviation Manufacturers Association (GAMA), noted the safety continuum philosophy, which is based on risk and societal expectations of safety, has greatly improved safety in GA aircraft. However, simply setting the highest design standard in one area does not necessarily provide the desired outcome, which is a safe operation.

The design of the aircraft, the technology of the aircraft, the type of operations, as well as who operates the aircraft and the environment in which the aircraft will operate, are all key considerations in determining the appropriate application of the safety continuum. The certification processes currently underway consider these variables.

In the meantime, aircraft manufacturers and future operators are working behind the scenes to evaluate their own aircraft and training needs, utilizing simulators to evaluate training techniques.

Once operations begin, commercial AAM flying will likely be conducted under Part 135, meaning the recent NPRM mandating safety management systems (SMS) for Part 135 operators will apply. This sets a level playing field for safety management across all segments of Part 135 operations.

NBAA WEIGHS IN ON MILESTONE EFFORTS FOR ADVANCED AIR MOBILITY INTEGRATION

In July, NBAA weighed in on two initiatives critical to the safe, timely and successful integration of advanced air mobility (AAM) into the U.S. National Airspace System (NAS).

First, NBAA provided feedback to the FAA on its Integration of Powered-Lift: Pilot Certification and Operations; Miscellaneous Amendments Related to Rotorcraft and Airplanes Notice of Proposed Rulemaking (NPRM). This effort aims to provide transition

regulations, or Special Federal Aviation Regulations (SFAR), for pilot certification and operating rules, allowing entry into service.

NBAA, along with the Aircraft Owners and Pilots Association, the General Aviation Manufacturers Association, the Helicopter Association International, the National Air Transportation Association and the Vertical Flight Society, described several concerns regarding the proposal, and outlined practical recommendations to ensure safe pilot qualification and operations.

Second, NBAA provided both short- and long-term recommendations on future AAM operations to the Department of Transportation's AAM Interagency Working Group (IWG), which was created as a result of the Advanced Air Mobility Coordination and Leadership Act, signed into law by President Biden in October 2022.

NBAA emphasized the importance of safety, while also encouraging entry into service in a timely and thoughtful manner. Looking to the long term, NBAA urged the agency to work closely with stakeholders to facilitate scaled operations. The association also highlighted the need to nurture community acceptance and address apprehensions that may arise from the new on-demand air mobility entrants into the aviation system.

The association's comments – informed by NBAA's AAM Roundtable and Emerging Technologies Committee – provided direction to government agencies on proposals with potential impact for pilots, manufacturers, infrastructure developers and other stakeholders.

NBAA URGES FAA TO UTILIZE EXISTING FRAMEWORK IN BEYOND-VISUAL-LINE-OF-SIGHT DRONE OPS APPROACH

Unmanned aircraft systems (UAS) continue to be utilized across business aviation in a variety of new roles. In June, NBAA asked the FAA to reconsider its proposed approach to beyond visual line of sight (BVLOS) policies and rulemaking to further assist with these operations.

Docket No. FAA-2022-0921 – UAS Beyond Visual Line of Sight (BVLOS) – was essentially a request for information from the FAA, with the agency asking almost 20 questions of industry stakeholders. The FAA also shared possible paths to increased BVLOS operations, including new standards and changes to existing fundamental operations rules.

"In our comments, NBAA encouraged the FAA to utilize the existing regulatory framework, rather than creating new operational rules or standards for BVLOS," said Heidi Williams, NBAA's senior director of air traffic services and infrastructure. "We believe the existing framework, with a few carefully constructed performance and safety targets,



will ensure the overall safety of the National Airspace System (NAS) and serve the public interest while still enabling the UAS industry to move forward."

NBAA also pointed to the many years of safe BVLOS operations conducted in test programs and under waivers and exemptions.

NBAA JOINS JOBY TO CELEBRATE MILESTONE ACHIEVEMENT IN CERTIFICATION

NBAA was part of a special moment June 28, when Joby Aviation received an FAA Special Airworthiness Certificate for the first aircraft built at its pilot production line in Marina, CA, allowing flight testing to begin. The celebration included a demonstration flight of the experimental version of its aircraft.

"Today's first production rollout is another step in the next era of aviation and on-demand air mobility," said NBAA Western Regional Director Phil Derner, who attended the event. "It was an honor to be present for this monumental event, highlighting ingenuity, innovation and tireless dedication to moving forward with this game-changing new mode of transportation."

Joby is a member of NBAA's Advanced Air Mobility (AAM) Roundtable, which serves as a forum for high-level policy planning with sector leaders, to chart a course for the integration of AAM technologies into the nation's airspace and infrastructure.

VOLOCOPTER FLIES AT NBAA-BACE

One of the most popular events throughout 2023 NBAA-BACE in Las Vegas, NV, was a series of flights by Volocopter's electric 2X air taxi. The two-seat, zero-emission AAM vehicle is expected to be the first to meet the European Aviation Safety Agency's comprehensive requirements for vertical takeoff and landing aircraft certification under the Special Condition VTOL.



AT DC SUMMIT, NBAA, OTHERS CHART COURSE FOR CONTINUED AAM LEADERSHIP

To ensure the U.S. maintains its position as a global aerospace leader as advanced air mobility (AAM) becomes a reality, government and industry will need to work together and bypass bureaucracy to keep our competitive advantage.

That was the overarching message from a panel discussion titled, "Ensuring United States Global Competitiveness in Aviation," which took place in Washington, DC, on July 18 during Honeywell's second annual Advanced Air Mobility Summit.

Moderated by NBAA President and CEO Ed Bolen, panelists included: Pete Bunce, president and CEO of the General Aviation Manufacturers Association; Eric Fanning, president and CEO of the Aerospace Industry Association and James Viola, president and CEO of the Helicopter Association International.

"The benefits of AAM create a national imperative to get it done," said Bolen. "We have an opportunity to have American leadership in an industry that's going to have a profound impact for the future."

Archer Aviation CEO Adam Goldstein, who opened the summit, noted that Morgan Stanley predicts AAM will be a \$6 billion market by 2035 and a \$1 trillion market by 2040. "These vehicles are really designed for everyone, not just a select group," he said.

Bunce called the AAM era "as exciting as the dawn of the jet age. We have the capability right now to be able to do something that no nation on the planet can do," Bunce said, though there's concern that the government could cause holdups. "We are going to integrate, and we have the capability to do that. We know how to do this."

NBAA-BACE SESSION SHOWS THE 'PROMISE OF AAM' IS NEARING REALITY

Business aviation stakeholders have heard about the promise of advanced air mobility (AAM) and eVTOL vehicles for years. With AAM now undergoing testing and certification flights around the globe, the future appears closer than many may think.

"How do we ensure that the airspace is ready to receive some of these autonomous aircraft?" asked Dan Dalton, Wisk's vice president of global partnerships, during an education session at the 2023 NBAA Business Aviation Convention & Exhibition (NBAA-BACE). "And how do you tie everything that's happening at the national level to the individual end user who's actually going to hop onto these [aircraft] and hop off of them on a daily basis?"

Volocopter GmbH has demonstrated its 2X eVTOL vehicle at many national and international events, including NBAA-BACE. Oliver Reinhardt, chief risk and certification officer for the company, said it's important that people witness AAM operations to dispel fears and assumptions about the technology.

"The public initially had crazy things in their minds – scenes from 'The Fifth Element' with flying cars everywhere around vertical highways – but we're doing something completely different," he said. "We asked people before we were flying, 'What do you think about AAM?' Generally, the percentage was positive, but a little bit careful. Then we did our flights and asked the same question afterwards, and their responses were overwhelmingly positive."

That said, challenges remain. AAM operations must demonstrate the ability to safely interact with other aircraft. Infrastructure is another key focus area for the industry, including concerns about whether already-stressed regional power grids will be able to support large-scale AAM operations.

Workforce

NBAA JOINS IN CALL TO HOUSE LEADERS TO SUPPORT AVIATION WORKFORCE DEVELOPMENT ACT

In May, NBAA joined a coalition of 20 aviation companies and industry groups in urging leaders of the U.S. House of Representatives Committee on Ways & Means to act swiftly in support of H.R.1818, the Aviation Workforce Development Act, to allow 529 college savings plans to be used for education-related expenses at FAA-certified pilot and aviation maintenance schools, reducing financial barriers to entry for aspiring aviators and aircraft technicians.

“The bipartisan group of co-sponsors, combined with the coalition of industry and labor support, suggests consensus about the commonsense nature of this policy,” noted the May 10 letter to House Ways & Means Chairman Rep. Jason Smith (R-8-MO) and Ranking Member Rep. Richard Neal (D-1-MA).

The letter went on to note that “H.R. 1818 [will address the] growing need for aviators and aircraft mechanics by giving Americans the same tools to choose a career in aviation as those seeking four-year degrees. With this legislation, Congress can deliver a win for American families, the aviation industry and workers and consumers of air services.”

In addition to its strong support for H.R.1818, NBAA also welcomed the introduction of The Flight Education Access Act (H.R.2874) to increase the federal student loan limits under Title IV of the Higher Education Act of 1965 for students in flight education and training programs.

NBAA REACHES OUT TO COLLEGE STUDENTS ABOUT BUSINESS AVIATION CAREERS

At a time when the aviation industry is facing a shortage of pilots and other employees, NBAA continues to make a concerted effort to recruit students into a business aviation career path, with association staff members and volunteers taking part in events throughout the country to highlight all the industry has to offer.

“It’s important for NBAA to be at these types of events because it ensures that business aviation is present in the conversation when students are thinking about their futures. For most people, if they are going to interact with aviation, it is going to be with the airline industry, so when students start thinking about potential career paths that is likely the piece of the aviation industry most familiar to them,” said NBAA Professional Development Specialist Elayna Hall, who recently attended a career fair at the University of North Dakota.

There is increasing demand not only for pilots, but also maintenance technicians, operations managers, dispatchers, line service technicians and flight attendants. NBAA touches on all these careers and more at career fairs and other events.



NBAA YOPROS INSPIRE STUDENTS AT OSHKOSH

NBAA’s Young Professionals in Business Aviation (YoPros) hosted approximately 50 high school and college students gathered at the association’s tent on the flight line at EAA’s AirVenture in Oshkosh, WI, to raise awareness about the wide variety of opportunities available across the industry. Many of the students at the networking event were curious to learn details about entry-level positions, as they consider joining the business aviation sector.



NBAA REGIONAL EVENT INCLUDES MIAMI-DADE COUNTY FUNDING FOR NEW AVIATION CAREER TRAINING CENTER

Miami-Dade County officials took the opportunity at NBAA’s 2023 Miami-Opa locka Regional Forum to present a check for \$100,000 for the Barrington Irving Technical Training School, which will offer technical training and certifications intended to upskill students faster so they can enter the workforce quickly.



NBAA ANNOUNCES NEW BUSINESS AIRCRAFT SCHEDULER CERTIFICATE PROGRAM AHEAD OF SDC2023

Ahead of the 2023 NBAA Schedulers & Dispatchers Conference (SDC2023) NBAA announced its new Business Aircraft Scheduler Certificate Program, a series of valuable learning opportunities for its members from all sectors of business aviation. The program includes nine asynchronous learning modules, testing in key areas of aircraft scheduling at an introductory level, including mission control, global regulations, technology and finance, legal and tax responsibilities.

PODCAST: OPPORTUNITIES AND CHALLENGES FOR WOMEN IN AVIATION

NBAA celebrated Women’s History Month by highlighting the important contributions women have made to aviation and the many opportunities available to them in the industry today. An important part of this conversation is acknowledging those who are working to ensure that all women in the industry are welcomed and respected. “There are so many women out there who are putting in the work,” noted Dreams Soar Founder and CEO Shaesta Waiz in a March 8 episode of NBAA’s Flight Plan podcast. They’re “just putting their hearts out there to help women in our industry feel connected and in a place where they feel like they can grow and be themselves.”

MAKING DEI SUSTAINABLE IN BUSINESS AVIATION

Supporting a diverse workplace remains a key priority for many business aircraft owners, operators and managers. The July/August 2023 issue of NBAA’s Business Aviation Insider (BAI) magazine featured examples of how those who practice diversity equity and inclusion (DEI) on a daily basis are helping to create a diverse industry that sustains itself by leveraging DEI initiatives across the board.

“Diversity fosters new perspectives and ideas, which can lead to better decision-making and problem-solving,” said Jay Boykin, vice president of finance transportation/diversity equity and inclusion at Gogo Business Aviation. “Inclusive and welcoming environments also increase employee engagement, job satisfaction and retention rates. This, in turn, leads to higher productivity, greater innovation and profitability, which are essential for the industry’s growth and sustainability.”

Jennifer Pickerel, vice president of Aviation Personnel International (API), suggested thinking about it this way: “Open yourself up to valuing difference in general; understand that the more diverse perspectives [that are] brought to the table, the more sound and more successful our solutions are.”

When API recently hired a new team member, said Pickerel, “we intentionally sought out someone from a different generation because we knew our internal demographics were homogenous and we wanted to learn from someone with a different life experience. We went into this hire with the mindset that we hoped to learn as much from her as she does from us.”

“It’s simple, DEI isn’t just about color, creed or sex,” emphasized Go Rentals CEO Kaye Gitibin. “It’s about putting the right people in the right position. Resume and character speak for themselves, and we’ve seen the effort and respect firsthand from a diverse workforce.”

COLLEGES PUT MORE EMPHASIS ON BIZAV

Efforts to introduce business aviation as a major concentration of study in college are helping to widen the workforce pipeline in the sector by raising awareness. Alan Stolzer, Ph.D., dean of Embry-Riddle Aeronautical University’s College of Aviation in Daytona Beach, FL, said the shift is being driven by aviation’s technological evolution.

“There are technologies on the horizon that will dramatically change the industry in the years ahead, such as artificial intelligence, unmanned systems and advanced air mobility,” Stolzer said. “Business aviation has always been at the forefront of adopting new technologies.”

Jobs are another driver, according to Greg Klein, an instructor at Lake Area Technical College in Watertown, SD. “From my perspective as an A&P instructor, I see significant opportunities for our students in business aviation,” Klein said. “A large percentage of our graduates are entering corporate aviation.”

Another factor underscores the differences between career opportunities in business aviation and the airlines.

“Airlines are hiring pilots and maintenance technicians at an unprecedented rate due to retirements, the effects of COVID and industry growth,” Stolzer said. On the other hand, workforce challenges in the business aviation sector signify “tremendous career opportunities for those interested in either direction.”

“Some might favor the set schedule and prestige of commercial aviation,” said Stolzer. “Others are attracted to the notion of flying to a broader array of destinations, having more personal interaction with passengers and performing a customer service role beyond just flying the aircraft.”

FIRST-EVER NBAA-BACE CAREER FAIR TAKES PLACE AMIDST HISTORIC WORKFORCE SHORTAGE PROJECTIONS

One of the biggest challenges confronting the business aviation community is the shortage of professionals across the spectrum of available careers. To help the business aviation community attract, retain and foster the next generation of workforce leaders, NBAA hosted its inaugural Career Fair at the 2023 NBAA Business Aviation Convention & Exhibition (NBAA-BACE) in Las Vegas, NV.

As an extension of the NBAA Career Center, a leading online career resource for business aviation professionals and employers, the in-person NBAA-BACE networking event enabled employers to meet face-to-face with the industry’s best and brightest. The Career Fair served as a networking platform and a chance for job seekers to learn more about the career opportunities that are available in the industry and are often unique to it.

NBAA PROMOTES BUSINESS AVIATION’S OPPORTUNITIES AT GIRLS IN AVIATION DAY

Throughout September and October, NBAA staff and member companies participated in Girls in Aviation Day (GIAD) events around the country to ensure that young girls recognize the opportunities available to them in aviation.

“Most aviation professionals are excited to share our love of aviation with others, but it wasn’t until nine years ago when Girls in Aviation Day was born through Women in Aviation that so many of us had a chance to share that passion for aviation with young people in our own backyards,” said Jo Damato, CAM, NBAA’s senior vice president of education, training and workforce development.

“As a young girl in New Jersey, I didn’t have any modeling,” Damato added. “Now, we provide that to girls around the country and it’s just so exciting to be part of.”

GIAD is geared toward girls ages 8-17 with more than 120 events in the U.S., and in countries as far away as Australia and Zimbabwe. More than 16,000 attendees took advantage of the 2022 events.



Not only do girls have an opportunity to see different aircraft and talk with professionals, but they also have an opportunity to build paper airplanes, fly drones and flight simulators, learn how to read a sectional chart and participate in other hands-on STEM-related activities. Vendors and exhibitors participate for free but must offer a STEM-related learning experience.

NBAA-BACE COLLEGIATE CONNECT INSPIRES STUDENTS TO EXPLORE CAREERS IN BUSINESS AVIATION

To help grow the industry workforce, NBAA-BACE 2023 presented Collegiate Connect, a series of panel discussions and educational sessions aimed at sharing job search and networking strategies with college students while connecting them with recruiters.

About 100 students attended the event, where they received valuable guidance on career development directly from young professionals (YoPros) in business aviation, while also engaging with exhibitors at NBAA-BACE.

NBAA President and CEO Ed Bolen reminded students that the industry has a rich tradition of fostering new and innovative aviation technology. “Business aviation is driving the future of electric aircraft and sustainable aviation fuel to help the industry reach its goal of net-zero carbon emissions by 2050,” Bolen said. “This is where it happens.”

During a panel discussion titled, “YoPro Secrets to Success,” recipients of NBAA’s Business Aviation Top 40 Under 40 award offered lessons they learned early on in their careers. Another session focused on the value of networking, where students chose from nine career categories and then met with YoPros from those fields to get detailed guidance on potential career paths.

Graduate student Shauntel Clarke said her school – Embry-Riddle Aeronautical University – encouraged her to attend Collegiate Connect. “It’s a great opportunity to expose yourself to people who are young and who like being a part of this space,” Clarke said. “I want to find network connections and build a group of people that you’re actually going to be working with later on in life.”

Later, the students toured the NBAA-BACE exhibit floor to meet with exhibitors, and also attended the first-ever NBAA Career Fair at NBAA-BACE, which provided the students a golden opportunity to speak directly with recruiters who are hiring for active job openings.



NBAA, REGIONAL GROUPS PROMOTE BUSINESS AVIATION CAREERS

NBAA partners with regional aviation groups and associations on various initiatives to address worker shortages and increase the business aviation workforce. The effort primarily focuses on attracting students and young people to the industry through education and outreach.

The association is assisting regional groups in developing and implementing programs that detail the many job opportunities available in business aviation and dispel the myth that you need to be a pilot to work in business aviation. “The NBAA Local and Regional Groups committee devotes a great deal of effort and provides tools for groups to share best practices of workforce development and business aviation advocacy,” said Steve Hadley, NBAA senior director, regional programs and Southwest Central Region.

One element of this outreach effort is NBAA and general aviation industry participation in the annual American School Counselor Association (ASCA) National Conference, which was held in Atlanta in July.

“We met with a wide range of counselors from high schools, grade schools, middle schools and colleges,” said Gregory Voos, NBAA Southeast regional director. “They are there to learn about business aviation and understand more about the jobs and career options that are available.”

Business aviation groups and companies were on hand to discuss workforce needs and educate counselors about the industry.

2023 AWARDS



INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the combined financial statements of National Business Aviation Association, Inc. and Affiliates (the Association), which comprise the combined statements of financial position as of June 30, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter

As discussed in Note 1 to the combined financial statements, the Association adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, Leases on July 1, 2022. Our opinion is not modified with respect to this matter.

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, P.C.
September 28, 2023

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

ASSETS	2023	2022
Current assets		
Cash and cash equivalents	\$ 10,836,321	\$ 11,000,184
Accounts receivable - net of allowance for uncollectible accounts of \$31,300 in 2023 and \$18,231 in 2022	1,064,482	792,481
Prepaid expenses and other current assets	1,195,687	1,398,123
Total current assets	13,096,490	13,190,788
Noncurrent assets		
Deferred compensation investments	1,992,399	1,691,897
Investments in marketable securities	34,234,203	30,948,136
Officer loan	1,202,027	898,911
Right-of-use asset - operating lease	7,097,294	-
Furniture and equipment, net of accumulated depreciation and amortization of \$2,794,943 in 2023 and \$2,560,738 in 2022	438,616	544,239
Total assets	\$ 58,061,029	\$ 47,273,971
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 10,567,452	\$10,880,686
Deferred revenue		
Membership dues	3,939,503	3,533,845
Conventions, conferences, and forums	9,831,331	8,832,002
Other deferred revenue	85,586	269,250
Deferred rent, current portion	-	470,535
Lease liability - operating lease, current portion	195,450	-
Accrued postretirement benefit obligation, current portion	81,121	70,707
Total current liabilities	24,700,443	24,057,025
Noncurrent liabilities		
Deferred rent, noncurrent portion	-	656,756
Deferred compensation liability	1,992,399	1,691,897
Lease liability - operating lease, noncurrent portion	8,105,545	-
Accrued postretirement benefit obligation, noncurrent portion	1,678,807	1,543,403
Total liabilities	36,477,194	27,949,081
Non-controlling interest	1,602,006	2,016,990
Commitments and contingencies		
Net assets without donor restrictions	19,981,829	17,307,900
Total liabilities and net assets	\$ 58,061,029	\$ 47,273,971

See accompanying notes to combined financial statements.

COMBINED STATEMENTS OF ACTIVITIES

Years Ended June 30, 2023 and 2022

OPERATING REVENUE AND SUPPORT	2023	2022
Annual meeting and conventions	\$28,291,073	\$23,305,523
Conferences, forums and seminars	9,342,175	7,267,290
Membership dues	8,514,443	7,720,613
Professional development, publications and other service products	1,462,206	1,324,534
Membership affinity services	1,237,075	1,019,292
Air traffic service fees	1,047,942	923,272
Interest and dividends, net	647,942	829,386
Contributions and other income	132,654	96,044
Insurance recoveries	-	335,000
Total operating revenue and support	50,675,510	42,820,954
OPERATING EXPENSES		
Program services		
Events	21,601,394	17,880,822
Flight operations and services	7,924,020	6,932,924
Innovation, marketing and strategy	4,066,153	3,486,927
Government affairs, policy and advocacy	3,438,173	3,256,182
Communications	3,323,273	3,045,127
Education, training and workforce development	1,941,625	1,344,139
Total program services	42,294,638	35,946,121
Supporting services		
Infrastructure and support	6,736,612	6,663,603
Total supporting services	6,736,612	6,663,603
Total operating expenses	49,031,250	42,609,724
Change in net assets without donor restrictions from operations	1,644,260	211,230
OTHER ACTIVITIES		
Postretirement benefit-related changes other than net periodic postretirement benefit cost	66,777	(102,484)
Other components of net periodic postretirement benefit cost	(100,670)	(121,326)
Net realized and unrealized gains (losses) on investments	2,665,568	(5,852,599)
Change in net assets without donor restrictions, before non-controlling interest	4,275,935	(5,865,179)
Non-controlling interest	(1,602,006)	(2,052,296)
Change in net assets without donor restrictions	2,673,929	(7,917,475)
Net assets without donor restrictions, beginning of the year	17,307,900	25,225,375
Net assets without donor restrictions, end of year	\$ 19,981,829	\$ 17,307,900

See accompanying notes to combined financial statements.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	PROGRAM SERVICES						SUPPORTING SERVICES		Total operating expenses	
	Events	Flight operations and services	Innovation, Marketing and Strategy	Government affairs, policy and advocacy	Communications	Education, training and workforce development	Total program services	Infrastructure and support		Total supporting services
Salaries & benefits	\$3,505,676	\$5,832,394	\$2,783,336	\$1,599,758	\$1,707,192	\$1,116,236	\$16,544,592	\$2,285,680	\$2,285,680	\$18,830,272
Professional services	6,654,055	120,579	724,258	1,053,825	1,164,678	440,171	10,157,566	1,291,596	1,291,596	11,449,162
Meetings	6,460,944	44,474	30,453	9,759	37,969	2,476	6,586,075	49,419	49,419	6,635,494
Catering	2,327,382	62,586	68,665	15,987	9,276	77,701	2,561,597	207,601	207,601	2,769,198
Occupancy	520,043	474,738	220,261	130,277	136,794	88,076	1,570,189	647,579	647,579	2,217,768
Travel	935,414	419,783	105,805	83,736	37,393	81,893	1,664,024	385,153	385,153	2,049,177
Sponsorships & contributions	113,617	303,690	40,500	462,320	-	4,000	924,127	120,900	120,900	1,045,027
Insurance	416,292	24,866	-	-	13,424	76,974	531,556	344,401	344,401	875,957
Credit card & banking fees	119,897	2,601	-	-	-	-	122,498	747,424	747,424	869,922
Dues & subscriptions	6,456	546,643	14,207	62,006	75,033	10,612	714,957	44,501	44,501	759,458
Advertising & promotional	373,457	-	8,579	-	40,936	-	422,972	-	-	422,972
Depreciation & amortization	35,973	66,586	31,381	18,723	19,229	12,714	184,606	82,970	82,970	267,576
Printing	30,295	3,146	9,056	-	78,928	4,887	126,312	7,429	7,429	133,741
Postage, shipping & delivery	43,086	2,456	23,878	237	1,216	20,560	91,433	20,174	20,174	111,607
Telephone	-	2,667	1,680	829	530	-	5,706	94,319	94,319	100,025
Supplies	42,764	2,345	2,138	194	375	1,094	48,910	20,242	20,242	69,152
Equipment rental & maintenance	-	-	-	-	300	-	300	22,067	22,067	22,367
Other	16,043	14,466	1,956	522	-	4,231	37,218	365,157	365,157	402,375
TOTAL OPERATING EXPENSES	21,601,394	7,924,020	4,066,153	3,438,173	3,323,273	1,941,625	42,294,638	6,736,612	6,736,612	49,031,250
Other components of net periodic postretirement benefit cost	12,914	23,707	9,776	6,722	6,922	4,546	64,587	36,083	36,083	100,670
TOTAL	\$21,614,308	\$7,947,727	\$4,075,929	\$3,444,895	\$3,330,195	\$1,946,171	\$42,359,225	\$6,772,695	\$6,772,695	\$49,131,920

See accompanying notes to combined financial statements.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	PROGRAM SERVICES						SUPPORTING SERVICES		Total operating expenses	
	Events	Flight operations and services	Innovation, Marketing and Strategy	Government affairs, policy and advocacy	Communications	Education, training and workforce development	Total program services	Infrastructure and support		Total supporting services
Salaries & benefits	\$3,049,074	\$5,404,193	\$2,521,715	\$1,545,970	\$1,429,944	\$857,381	\$14,808,277	\$1,589,810	\$1,589,810	\$16,398,087
Professional services	5,514,879	65,965	568,226	1,072,613	1,295,162	428,303	8,945,148	1,914,267	1,914,267	10,859,415
Meetings	6,083,472	24,721	40,170	3,819	15,151	-	6,167,333	100,646	100,646	6,267,979
Catering	1,697,576	19,183	37,275	-	20,155	(130,844)	1,643,345	93,382	93,382	1,736,727
Occupancy	392,291	338,009	151,148	90,954	94,051	53,791	1,120,244	1,037,444	1,037,444	2,157,688
Travel	827,424	268,465	76,495	38,005	35,658	30,561	1,276,608	346,438	346,438	1,623,046
Sponsorships & contributions	42,773	202,677	8,500	398,900	-	375	653,225	80,427	80,427	733,652
Insurance	252,821	18,186	-	-	8,954	49,382	329,343	236,964	236,964	566,307
Credit card & banking fees	102,283	4,530	165	55	-	55	107,088	646,497	646,497	753,585
Dues & subscriptions	11,945	470,902	15,167	85,787	78,074	6,296	668,171	39,753	39,753	707,924
Advertising & promotional	251,115	-	7,151	-	2,039	-	260,305	-	-	260,305
Depreciation & amortization	30,611	62,679	28,155	17,758	16,409	9,964	165,576	97,135	97,135	262,711
Printing	19,401	7,646	496	-	48,087	7,749	83,379	5,747	5,747	89,126
Postage, shipping & delivery	41,882	1,770	23,406	791	513	19,252	87,614	13,658	13,658	101,272
Telephone	1,252	3,832	1,885	1,365	-	358	8,692	91,164	91,164	99,856
Supplies	35,127	1,780	1,535	10	235	190	38,877	14,865	14,865	53,742
Equipment rental & maintenance	1,540	-	-	-	300	-	1,840	117,563	117,563	119,403
Other	(474,644)	38,386	5,438	155	395	11,326	(418,944)	237,843	237,843	(181,101)
TOTAL OPERATING EXPENSES	17,880,822	6,932,924	3,486,927	3,256,182	3,045,127	1,344,139	35,946,121	6,663,603	6,663,603	42,609,724
Other components of net periodic postretirement benefit cost	15,119	29,098	11,460	8,240	7,644	4,623	76,184	45,142	45,142	121,326
TOTAL	\$17,895,941	\$6,962,022	\$3,498,387	\$3,264,422	\$3,052,771	\$1,348,762	\$36,022,305	\$6,708,745	\$6,708,745	\$42,731,050

See accompanying notes to combined financial statements.

COMBINED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

CASH FLOWS FROM OPERATING ACTIVITIES	2023	2022
Change in net assets without donor restrictions	\$ 2,673,929	\$ (7,917,475)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities		
Depreciation and amortization	267,576	262,711
Bad debt expense	90,910	9,884
Discount (premium) for cash surrender value of split dollar life insurance policy	71,884	(4,452)
Net realized and unrealized (gains) losses on investments in marketable securities	(2,665,568)	5,852,599
Loss on disposition of fixed assets	14,302	-
Non-controlling interest	1,602,006	2,052,296
Deferred rent	-	(288,801)
Non-cash lease expense	475,359	-
Accrued postretirement benefit obligation	145,818	(7,413)
(Increase) decrease in assets		
Accounts receivable	(362,911)	(534,970)
Prepaid expenses and other current assets	202,436	(247,918)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(313,234)	4,399,235
Deferred revenue - membership dues	405,658	(560,983)
Deferred revenue - conventions, conferences, and forums	999,329	(2,002,468)
Other deferred revenue	(183,664)	(168,737)
Principal reduction in operating lease liabilities	(398,949)	-
Net cash provided by operating activities	3,024,881	843,508
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	(176,255)	(84,420)
Officer loan proceeds disbursed	(375,000)	(375,000)
Purchases of investments in marketable securities	(27,004,518)	(30,188,102)
Proceeds from sales of investments in marketable securities	26,384,019	29,375,312
Net cash used in investing activities	(1,171,754)	(1,272,210)
CASH FLOWS FROM FINANCING ACTIVITY		
Capital distributions - LLC Member	(2,016,990)	-
Net cash used in financing activity	(2,016,990)	-
Decrease in cash and cash equivalents	(163,863)	(428,702)
Cash and cash equivalents, beginning of year	11,000,184	11,428,886
Cash and cash equivalents, end of year	\$ 10,836,321	\$ 11,000,184
Supplemental Disclosure of Cash Flow Information		
Non-cash operating lease assets obtained in exchange for new operating lease liabilities - upon adoption	\$1,807,673	-
Non-cash operating lease assets obtained in exchange for new operating lease liabilities - modification	\$5,764,980	-
Non-cash operating change in deferred rent	\$1,127,291	-

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 from 2020 to 2023 due to COVID-19. 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.

Leases

The Association records a right-of-use asset and lease liability for its operating leases. The right-of-use asset is amortized over the shorter of the lease term or the economic life of the leased asset. The associated lease liability represents the net present value of the future amounts due under the lease, calculated using a risk-free rate of return selected based on the term of the lease. For real estate leases, nonlease components are separated from lease components for accounting purposes. The Association does not apply the recognition requirements under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842 Leases to short-term leases.

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.

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 4 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.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842). From a lessee perspective, the new guidance is intended to increase transparency and comparability by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 requires lessees to report a right-of-use asset along with a lease liability for both operating and finance leases. FASB has issued ASUs subsequent to ASU 2016-02 to further clarify and improve Topic 842.

Upon the adoption of Topic 842 on of July 1, 2022, the Association recorded an initial right-of-use asset of \$1,807,673, an initial lease liability of \$2,934,964 (see Note 11), and a reduction of deferred rent of \$1,127,291. There was no impact to previously reported net assets due to the adoption of Topic 842. NBAA elected to apply practical expedients allowing it to 1) not reassess whether any expired or existing contracts previously assessed as not containing leases are, or contain, leases; 2)

not reassess the lease classification for any expired or existing leases; and 3) not reassess initial direct costs for any existing leases. NBAA also elected to apply the practical expedient to use hindsight in determining the lease term.

Recent Accounting Pronouncements Not Yet Adopted

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, 2024. Management continues to evaluate the potential impact of this update on the combined financial statements.

On June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. This update, along with ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses* changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. Entities will be required to estimate credit losses over the entire contractual term of an instrument. The ASU is effective for the Association beginning on July 1, 2023. An entity must apply the amendments in the ASU through a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective except for certain exclusions. Management is currently evaluating the impact of this ASU on their combined financial statements.

The Association has assessed other accounting pronouncements issued or effective during the year ended June 30, 2023 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 \$245,988 and \$220,412 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022.

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, 2023 and 2022, and does not have material unrecognized temporary tax differences. NBAA China has accrued no taxes in accounts payable and accrued expenses in the accompanying combined statements of financial position for the years ended June 30, 2023 and 2022, under ASC 740-10, Accounting for Income Taxes. Since NBAA has not held the ABACE Show in the last four years, NBAA wrote-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 \$0 and \$474,644 during the years ended June 30, 2023 and 2022, respectively.

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, 2023 and 2022, the Association did not recognize any interest or penalties.

The tax years ended June 30, 2020 through 2022 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, 2023, bank balances in U.S. banks of approximately \$10 million exceeded Federal Deposit Insurance Corporation (FDIC) insurance limits. The Association has not incurred any losses on these instruments.

4. 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 sets forth those assets measured at fair value as of June 30, 2023 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, 2023
Money market funds	\$ 321,572	\$ -	\$ -	\$ 321,572
Investment grade fixed income	6,718,203	-	-	6,718,203
U.S. equity securities	19,665,742	-	-	19,665,742
Non-U.S. equity securities	8,023,401	-	-	8,023,401
Large cap – equity securities	709,350	-	-	709,350
Mid cap – equity securities	81,630	-	-	81,630
Small cap – equity securities	201,848	-	-	201,848
Global equity securities	98,159	-	-	98,159
Asset allocation – equities	15,260	-	-	15,260
Life cycle funds	391,437	-	-	391,437
Total	\$ 36,226,602	\$ -	\$ -	\$ 36,226,602

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 balance of the Association's assets measured at fair value as of June 30, 2023 and 2022 are classified in the combined statements of financial position as follows:

	2023	2022
Investments in marketable securities	\$ 34,234,203	\$ 30,948,136
Deferred compensation investments	1,992,399	1,691,897
	\$ 36,226,602	\$ 32,640,033

5. OFFICER LOAN

During each of the years ended June 30, 2020 through June 30, 2023, 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 3.74% 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.

6. INVESTMENTS IN MARKETABLE SECURITIES

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

June 30,	2023	2022
Money market funds	\$ 658	\$ 579
Investment grade fixed income	6,650,568	9,852,840
U.S. equity securities	19,665,742	14,117,981
Non-U.S. equity securities	7,917,235	6,976,736
	\$ 34,234,203	\$ 30,948,136

Investment return, net consists of the following:

Years ended June 30,	2023	2022
Interest and dividends	\$ 789,145	\$ 971,465
Investment management fees	(141,203)	(142,079)
Unrealized gains (losses)	3,242,351	(5,578,082)
Realized losses	(576,783)	(274,517)
	\$ 3,313,510	\$ (5,023,213)

7. FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following at:

June 30,	2023	2022
Furniture and equipment	\$ 541,239	\$ 501,336
Hardware	429,949	339,668
Software	316,291	316,291
Leasehold improvements	1,287,693	1,287,693
Exhibit booths	658,387	659,989
	3,233,559	3,104,977
Less: accumulated depreciation and amortization	(2,794,943)	(2,560,738)
	\$ 438,616	\$ 544,239

Depreciation and amortization expense was \$267,576 and \$262,711 for the years ended June 30, 2023 and 2022, respectively.

8. 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,	2023	2022
Postretirement benefit obligation, beginning of year	\$ 1,614,110	\$ 1,621,523
Interest cost	76,670	75,353
Service cost	28,422	30,588
Actuarial loss (gain)	111,433	(42,258)
Benefits paid	(70,707)	(71,096)
Postretirement benefit obligation, end of year	\$ 1,759,928	\$ 1,614,110

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

June 30,	2023	2022
Accrued postretirement benefit obligation - postretirement liability:		
Active participants, not yet eligible	\$ 516,681	\$ 591,243
Fully eligible active participants	183,286	116,266
Retirees, disabled and dependents	1,059,961	906,601
Accrued postretirement benefit obligation	\$ 1,759,928	\$ 1,614,110

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

June 30,	2023	2022
Accrued postretirement benefit obligation - postretirement liability:		
Current	\$ 81,121	\$ 70,707
Non-current	1,678,807	1,543,403
Accrued postretirement benefit obligation	\$ 1,759,928	\$ 1,614,110
Postretirement benefit obligation, end of year	\$ 1,759,928	\$ 1,614,110
Fair value of plan assets	-	-
Unfunded status (accrued postretirement benefit obligation)	\$ 1,759,928	\$ 1,614,110

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,	2023	2022
Transition obligation	\$ -	\$ -
Prior service credit	(1,022,999)	(1,210,704)
Net actuarial loss	2,032,006	2,152,934
Total items not yet recognized	\$ 1,009,007	\$ 942,230

Pension related changes other than net periodic postretirement benefit cost:

Years ended June 30,	2023	2022
Prior service credit	\$ (187,705)	\$ (187,707)
Net loss	120,928	290,191
Total pension related changes other than net periodic postretirement benefit cost	\$ (66,777)	\$ 102,484

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

Years ended June 30,	2023	2022
Service cost	\$ 26,116	\$ 28,422
Interest cost	81,693	75,010
Amortization of losses	206,683	234,022
Amortization of unrecognized prior service credit	(187,706)	(187,706)
Net periodic post-retirement benefit costs	\$ 126,786	\$ 149,748

Amounts paid by the Association for retiree post-retirement benefits during the years ended June 30, 2023 and 2022 were \$70,707 and \$71,096, respectively.

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

Years ended June 30,	2023	2022
Discount rate	4.75%	4.75%
Rate of compensation increase	N/A	N/A
Initial health care cost trend	6.25%	6.50%
Ultimate health care cost trend	5.00% (2028)	6.00% (2024)
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, 2023 by \$303,302 and \$(231,163), 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, 2023, the Association expects to contribute \$81,121 to its postretirement healthcare benefit plan during the year ending June 30, 2024.

Estimated Future Benefit Payments

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

Years ending June 30,	
2024	\$ 81,121
2025	86,923
2026	89,450
2027	87,244
2028	95,275
Thereafter	516,405

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.

9. 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 \$1,992,399 and \$1,691,897 as of June 30, 2023 and 2022, 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, 2023 and 2022. Investment gains and losses from the deferred compensation investments are recorded directly to the asset account and the corresponding liability account.

10. 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. During the years ended June 30, 2023 and 2022, there were \$3 million and \$0 million borrowings on the margin loan, respectively. There are no outstanding balances due as of June 30, 2023 and 2022.

11. LEASES

In March 2013, the Association signed an office and storage lease with a term through December 2024. The Association made a security deposit of \$74,289 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. 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 lease included an option to renew for one 5-year period, as well as a right of first offering and an expansion right.

In August 2021, 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.

In October 2022, the Association amended the lease to reduce payments for the remainder of the original term, extend the lease for the period from January 2025 through December 2034, provide for abatement of the Association's share of operating expenses and other fees, and provide an additional tenant improvement allowance of \$1,005,617. The amended lease contains an option to renew for one 5-year period, as well as an option to reduce the size of the office or storage space. The Association is not considered reasonably certain to exercise either option.

A right-of-use asset and lease liability have been recorded in the accompanying combined statement of financial position

for this operating lease. The amendment in October 2022 was determined to meet the criteria of a modification that is not a separate contract. In accordance with ASC 842, the lease liability was remeasured as of the effective date of the modification. As of June 30, 2023, the tenant improvement allowance under the 2022 amendment had not yet been utilized or received.

Operating lease costs for this lease totaled \$739,179 for the year ended June 30, 2023 and is included as part of occupancy costs in the accompanying combined statement of functional expenses.

Future minimum lease payments on NBAAs office space lease are:

Years ending June 30,	
2024	\$ 514,081
2025	735,566
2026	662,423
2027	941,620
2028	960,452
Thereafter	6,725,990
Undiscounted future cash flows	10,540,132
Less: discount to present value (at a rate of 3.88%)	(2,239,137)
Total operating lease liabilities	\$ 8,300,995

Supplemental information related to the Association's operating lease is as follows:

Years ending June 30, 2023	
Cash paid for amounts included in the measurement of lease liabilities	\$ 662,769
Right-of-use assets obtained in exchange for new lease obligations	5,764,980
Weighted-average remaining lease term (in years)	11.5
Weighted-average discount rate	3.88%

Previous lease standard – 2022

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 year ended June 30, 2022 totaled \$780,472.

12. COMMITMENTS AND CONTINGENCIES

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

EBACE is an overseas convention and accordingly incurs risks such as currency fluctuation, foreign taxes and foreign country political issues. The Association does not believe that EBACE has 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, 2023 and 2022, the Association contributed \$1,182,244 and \$628,110, 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 \$495,433 and \$430,000 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022 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, 2023 and 2022, NBAA contributed \$461,400 and \$389,400, 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,	2023	2022
Cash and cash equivalents	\$ 10,836,321	\$ 11,000,184
Accounts receivable	1,064,482	792,481
Financial assets available to meet cash needs for general expenditures within one year	\$ 11,900,803	\$ 11,792,665

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 \$34,234,203 and \$30,948,136 as of June 30, 2023 and 2022, 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 10).

16. SUBSEQUENT EVENTS

The Association evaluated subsequent events through September 28, 2023, which is the date the combined financial statements were available to be issued. There were no events noted that required adjustment to or disclosure in these combined financial statements.

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NBAA Advisory Council

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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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.