

Aircraft Owners and Pilots Association and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

Measure of Operations

The change in net assets from operating activities reflected on the accompanying consolidated statements includes primarily activities closely related to mission and product and services functions of the Association. Amounts not included in the measure of operations consists of the net return on investments including realized and unrealized gains and losses, discontinued operations gain, and a loss on goodwill impairment.

Reclassifications

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year presentation. The Association reclassified restricted cash to conform to Accounting Standard Update 2016-18.

NOTE B - INVESTMENTS

The components of the Association's investment portfolio are as follows at December 31:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Market value</u>	<u>Cost</u>	<u>Market value</u>
Alternative investments	\$ 50,277,000	\$ 62,230,000	\$ 47,261,000	\$ 50,329,000
Common stock and mutual funds	29,224,000	31,444,000	26,899,000	24,518,000
Bond-backed mutual funds	6,427,000	6,537,000	6,773,000	6,736,000
Money market funds	2,067,000	2,067,000	1,508,000	1,508,000
Cash and cash equivalents	1,700,000	1,700,000	16,835,000	16,835,000
	<u>\$ 89,695,000</u>	<u>\$ 103,978,000</u>	<u>\$ 99,276,000</u>	<u>\$ 99,926,000</u>

Investments were measured at fair value as of December 31 based on the following levels of hierarchy:

