Grant Thornton

Financial Statements and Report of Independent Certified Public Accountants

The AOPA Foundation, Inc.

December 31, 2012 and 2011

C O N T E N T S

Grant Thornton LLP
1 South Street, Suite 2400
Baltimore, MD 21202-7304

T 410.685.4000
F 410.837.0587
www.GrantThornton.com

Report of Independent Certified Public Accountants

Board of Trustees
The AOPA Foundation, Inc.

We have audited the accompanying financial statements of AOPA Foundation, Inc. (the "Foundation") (a Maryland corporation), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and change in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AOPA Foundation, Inc. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Baltimore, Maryland
April 16, 2013

FINANCIAL STATEMENTS

The AOPA FOUNDATION, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31,	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	$ 1,926,000	$ 2,032,000
Accounts receivable	87,000	129,000
Contribution commitments, net of allowance of $959,000 in 2012 and $268,000 in 2011	4,854,000	4,260,000
Prepaid expenses	45,000	94,000
Other assets	120,000	—
	7,032,000	6,515,000
Long-term Assets		
Contribution commitments, net of allowance of $486,000 in 2012 and $1,490,000 in 2011 and net of discount of $1,992,000 in 2012 and $2,081,000 in 2011	3,011,000	2,511,000
Investments, at fair value	22,710,000	21,478,000
Property and equipment, net	99,000	287,000
Total Assets	$ 32,852,000	$ 30,791,000
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 78,000	$ 249,000
Accrued expenses		
Wages and benefits	242,000	202,000
Other accrued expenses	96,000	100,000
Deferred revenue		
Course registration	108,000	103,000
	524,000	654,000
Long-term Obligations	1,173,000	951,000
Total Liabilities	1,697,000	1,605,000
Net Assets		
Unrestricted net assets	7,442,000	6,602,000
Unrestricted net assets - board designated	2,589,000	2,589,000
Temporarily restricted	11,135,000	10,116,000
Permanently restricted	9,989,000	9,879,000
Total Net Assets	31,155,000	29,186,000
Total Liabilities and Net Assets	$ 32,852,000	$ 30,791,000

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

The AOPA FOUNDATION, Inc.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended December 31,	**2012**	**2011**
Unrestricted Net Assets		
Revenue		
Contributions	$ 3,958,000	$ 3,874,000
Net assets released from restrictions	2,242,000	2,985,000
Program service revenue	1,164,000	1,268,000
Other income	121,000	127,000
	7,485,000	8,254,000
Expenses		
Education and safety programs	6,195,000	6,182,000
Fundraising	844,000	875,000
Management and general	690,000	558,000
	7,729,000	7,615,000
Change in net assets - unrestricted from operations	(244,000)	639,000
Non-operating activity:		
Return on investments, net	1,110,000	(85,000)
Loss on sale of aircraft	(26,000)	—
Change in net assets - unrestricted	840,000	554,000
Temporarily Restricted Net Assets		
Contributions	3,261,000	2,170,000
Net assets released from restrictions	(2,242,000)	(2,985,000)
Change in net assets-temporarily restricted	1,019,000	(815,000)
Permanently Restricted Net Assets		
Contributions	110,000	121,000
Change in net assets- permanently restricted	110,000	121,000
Change in net assets	1,969,000	(140,000)
Net assets, beginning of year	29,186,000	29,326,000
Net assets, end of year	$ 31,155,000	$ 29,186,000

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

The AOPA FOUNDATION, Inc.

STATEMENTS OF CASH FLOWS

December 31,	2012	2011
Cash Flows from Operating Activities		
Change in net assets	$ 1,969,000	$ (140,000)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized and realized investment gains	(791,000)	469,000
Permanently restricted contributions	(110,000)	(121,000)
Depreciation	113,000	129,000
Loss from the sale of property and equipment	26,000	—
Changes in operating assets and liabilities:		
Receivables	(1,052,000)	672,000
Prepaid expenses	49,000	34,000
Other assets	(120,000)	—
Accounts payable	(171,000)	143,000
Accrued wages and benefits	40,000	(41,000)
Other accrued liabilities	(4,000)	33,000
Deferred revenue	5,000	(8,000)
Long-term obligations	222,000	86,000
Net cash provided by operating activities	176,000	1,256,000
Cash Flows from Investing Activities		
Purchases of investments	(9,411,000)	(3,127,000)
Proceeds from sales of investments	8,970,000	52,000
Capital expenditures	(11,000)	(16,000)
Proceeds from the sale of assets	60,000	—
Net cash used in investing activities	(392,000)	(3,091,000)
Cash Flows from Financing Activities		
Permanently restricted contributions	110,000	121,000
Net cash provided by financing activities	110,000	121,000
Net change in cash and cash equivalents	(106,000)	(1,714,000)
Cash and cash equivalents, beginning of year	2,032,000	3,746,000
Cash and cash equivalents, end of year	$ 1,926,000	$ 2,032,000

The accompanyiing notes are an intergral part of these financial statements.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

The AOPA Foundation, Inc. (the "Foundation") is a non-profit tax-exempt organization incorporated in April 2007, with activity beginning in October 2007. The Foundation was created to:

- Promote, advance and encourage aviation and airport safety and security and the research and testing in support thereof.
- Educate the public and users of the national air transportation system to the value and importance of general aviation.
- Encourage and support flight training of pilots to assure the future of general aviation.
- Lessen the burdens of federal, state, and local government in connection with the maintenance and advancement of general aviation, and aviation and airport safety and security.
- Assist other organizations in the conduct of similar activities.

Program expenses were incurred to support the following initiatives:

	2012	2011
Safety education and outreach	$5,091,000	$4,600,000
General aviation image	544,000	1,043,000
Airports	167,000	308,000
Growing the pilot population	393,000	231,000
Total program expenses	$6,195,000	$6,182,000

In 2012, the Foundation exceeded its outreach goal of 1,098,000 individuals contacted through ASI's safety quizzes, seminars, flight instructor refresher clinics, webinars, and PSAs. The Foundation granted $508,000 to the Aircraft Owners and Pilots Association ("AOPA") and AOPA Membership Publications, Inc. to support programs focused on improving the image of general aviation, the preservation of airports, and the AOPA Flight Training Student Retention Initiative which is a long-term, industry-wide effort designed to increase the percentage of students who earn a pilot certificate.

Contribution Revenue and Net Assets

To ensure compliance with restrictions placed on the resources available to the Foundation, the Foundation's accounts are maintained in accordance with the principles by which resources are classified for accounting and reporting into funds established according to their nature and purposes. In the financial statements, funds that have similar characteristics have been combined into three net asset categories: unrestricted, temporarily restricted, and permanently restricted.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contribution Revenue and Net Assets - continued

- Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired. As reflected in the accompanying Statements of Financial Position, the Foundation's Board of Trustees has designated a portion of the unrestricted net assets of the Foundation as a board designated fund.

- Temporarily restricted net assets contain donor-imposed restrictions that permit the Foundation to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Foundation.

- Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Foundation to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

The Foundation records contributions, including promises to give, when they are received unconditionally, at their fair value. The Foundation measures fair value of unconditional promises to give that are expected to be collected in future years at the present value of their estimated future cash flows. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Contributions are recorded net of estimated uncollectible amounts.

The Foundation records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as Net Assets Released from Restrictions. Based on historical activity and current economic conditions, the Foundation's policy is to reserve approximately 7% of the outstanding pledge amounts or specifically against a pledge based on known circumstances.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis, which conforms to generally accepted accounting principles.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents except for investments intended to be held for long-term purposes.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to a concentration of credit risk include cash deposits with commercial banks. The Foundation's cash management policies limit its exposure to a concentration of credit risk by maintaining cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation ("FDIC"). Due to the participation in a special program in 2012 with the commercial bank, the Foundation's cash held in financial institutions was fully insured by the FDIC at December 31, 2012.

Investments

The Foundation reports investments in money market funds, mutual funds, and equity and debt securities at fair value.

Investment gains and losses, net of management fees, are included in the Statements of Activities and Changes in Net Assets and are reported as non-operating activity.

Income Taxes

The Foundation is qualified as a tax-exempt educational organization under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization, which is not a private foundation under Section 509(a) of the Code.

The Foundation recognizes or derecognizes income tax positions on a "more likely than not" threshold. This applies to positions taken or expected to be taken in an income tax return. The Foundation does not believe its financial statements include any material uncertain income tax positions.

Educational Revenue Recognition

Educational revenue is recognized as training and educational courses are provided.

Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program costs charged to each program based on the direct costs charged to each program.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. In accordance with ASC 820, the Foundation classifies its assets and liabilities into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which observable market inputs are readily available), and Level 3 (securities valued based on significant unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation methodologies and inputs used for assets measured at fair value, as well as the general classification pursuant to the valuation hierarchy. Investments in equity securities are valued at the quoted prices in an active market and are classified within Level 1 of the fair value hierarchy. When quoted prices are available in an active market, corporate debt securities are classified within Level 1 of the fair value hierarchy. Quoted prices in inactive markets are classified within Level 2. If quoted market prices are not available or accessible, then fair values are estimated using pricing models, matrix pricing, or discounted cash flow models. The Foundation does not hold any corporate debt securities for which quoted market prices are not available or accessible.

The valuation methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date and that difference may be material to the Foundation's financial statements.

Impact of Recent Accounting Standards

There are no recent accounting standards that will impact the Foundation's financial statements.

Measure of Operations

The increase or decrease in net assets from operating activities reflected on the accompanying statements includes primarily activities closely related to the educational, charitable, and administrative functions of the Foundation. Amounts not included in the measure of operations consist of the net return on investments including realized and unrealized gains and losses, and significant items of an unusual or nonrecurring nature.

NOTE B - CONTRIBUTIONS

The Foundation's contribution commitments are expected to be received as follows at December 31, 2012:

Current:	
One year	$ 5,813,000
Less allowance	(959,000)
	4,854,000
Long-term:	
Two to five years	1,492,000
Greater than five years	3,997,000
Less allowance	(486,000)
Less discounts	(1,992,000)
	3,011,000
Total contribution commitments	$ 7,865,000

NOTE C - INVESTMENTS

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

	2012		2011	
	Cost	Market Value	Cost	Market Value
Common stock and mutual funds	$10,934,000	$10,891,000	$12,288,000	$13,210,000
Money market funds	6,116,000	6,116,000	6,334,000	6,334,000
Bond backed mutual funds	5,553,000	5,703,000	1,421,000	1,515,000
Bonds	-	-	424,000	419,000
	$22,603,000	$22,710,000	$20,467,000	$21,478,000

NOTE C - INVESTMENTS - Continued

Investments measured at fair value on a recurring basis are as follows as of December 31:

	Amount	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
2012:				
Common stock mutual funds	$10,891,000	$10,891,000	$ -	$ -
Money market funds	6,116,000	6,116,000	-	-
Bond backed mutual funds	5,703,000	5,703,000	-	-
	$22,710,000	$22,710,000	$ -	$ -
2011:				
Common stock mutual funds	$13,210,000	$13,210,000	$ -	$ -
Money market funds	6,334,000	6,334,000	-	-
Bond backed mutual funds	1,515,000	1,515,000	-	-
Bonds	419,000	419,000	-	-
	$21,478,000	$21,478,000	$ -	$ -

Return on investments consisted of the following for the years ended December 31:

	2012	2011
Realized gains	$1,690,000	$ 351,000
Dividends	348,000	421,000
Interest	22,000	16,000
Money manager fees	(53,000)	(53,000)
Unrealized losses	(897,000)	(820,000)
	$1,110,000	$ (85,000)

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and are depreciated using the straight-line method over estimated useful lives as follows:

Aircraft	10 years
Leasehold improvements	10 years
Furniture and fixtures	5 years
Equipment	3 years
Software	3 years

Property and equipment consisted of the following at December 31:

	2012	2011
Software	$ 510,000	$ 510,000
Furniture and fixtures	183,000	183,000
Leasehold improvements	68,000	68,000
Hardware	13,000	13,000
Equipment	13,000	13,000
Aircraft	-	86,000
Assets in progress	27,000	16,000
	814,000	889,000
Less accumulated depreciation	(715,000)	(602,000)
	$ 99,000	$ 287,000

Depreciation expense was $113,000 and $129,000 for 2012 and 2011, respectively.

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

The Foundation's temporarily restricted net assets at December 31, 2012 and 2011 totaled $11,135,000 and $10,116,000, respectively. These funds are restricted for use in the following programs:

	2012	2011
Future year unrestricted	$ 6,018,000	$ 5,075,000
AOPA President's Council	2,068,000	2,084,000
Safety education and outreach	2,034,000	1,923,000
Pilot population	481,000	85,000
General aviation image	344,000	944,000
Airport preservation	190,000	5,000
	$11,135,000	$10,116,000

NOTE E - TEMPORARILY RESTRICTED NET ASSETS - Continued

For the years ended December 31, 2012 and 2011 net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, by passage of time, or by occurrence of other events as specified by donors as follows:

	2012	2011
General safety and research programs	$1,333,000	$ 879,000
Collection of pledges receivable	469,000	842,000
Grants to other organizations	440,000	1,264,000
Total net assets released from restrictions	$2,242,000	$2,985,000

NOTE F - PERMANENTLY RESTRICTED NET ASSETS

The Foundation's permanently restricted net assets at December 31, 2012 and 2011 totaled $9,989,000 and $9,879,000, respectively. There are no market value requirements on permanently restricted net assets. These funds are permanently restricted in support of the following programs:

	2012	2011
Manuel Maciel Endowment	$2,500,000	$2,500,000
Elliott Gindi Endowment	1,733,000	1,733,000
Life Hat Program	1,228,000	1,228,000
Plymate Endowment	755,000	755,000
Hilton Foundation Endowment	750,000	750,000
Life Member Program	743,000	743,000
AOPA Affiliates Endowment	525,000	455,000
Bennett Endowment	464,000	464,000
Burger Endowment	400,000	400,000
AOPA Member $1	328,000	328,000
Serrell Endowment	204,000	204,000
Other	153,000	113,000
Minnesota Life Endowment	100,000	100,000
Phil Boyer Endowment	56,000	56,000
George Bumb Endowment	50,000	50,000
	$9,989,000	$9,879,000

Endowment

The Foundation endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported as permanently restricted net assets based on the existence of donor-imposed restrictions.

NOTE F - PERMANENTLY RESTRICTED NET ASSETS - Continued

Interpretation of Relevant Law

The Management and Board of Trustees of the Foundation have interpreted and demonstrated our understanding of the Maryland Uniform Prudent Management of Institutional Funds Act to require the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In making decisions regarding the investment and appropriation of appreciation, the organization shall consider long and short-term needs of the organization in carrying out the charitable purpose, present and future financial requirements, expected total return on investments and general economic conditions.

Endowment Spending Policy

The Board of Trustees has established an investment earning spending policy which states that operations will be allowed to spend no less than two percent and no more than five percent of endowment balance each year. The annual percentage is established by the historical three-year trailing average (with a two percent minimum and five percent maximum). The variance to actual investment earnings above or below the allowed percentage is considered as a non-operating adjustment to unrestricted net assets.

Endowment Investment Policies

The Foundation's investments are managed in accordance with the Board adopted Investment Policy Statement. Under this policy assets are invested in a manner to satisfy the organization's long-term investment performance while assuming an appropriate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy the long-term objectives, the Foundation relies on a mixture of equity and fixed income investments.

NOTE F - PERMANENTLY RESTRICTED NET ASSETS - Continued

Funds with Deficiencies

From time to time, the fair value of assets associated with the individual donor restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration.

The following illustrates endowment net asset composition by type of fund and the changes in endowment net assets for the year ended December 31, 2012:

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 499,000	$ -	$9,989,000	$10,488,000
Total funds	$ 499,000	$ -	$9,989,000	$10,488,000
Endowment net assets, beginning of year	$ 392,000	$ -	$9,879,000	$10,271,000
Investment return:				
Interest and dividends	161,000	-	-	161,000
Net realized and unrealized gain on investments	341,000	-	-	341,000
Total investment return	502,000	-	-	502,000
Amounts appropriated for expenditure	(395,000)	-	-	(395,000)
Contributions received	-	-	110,000	110,000
Endowment net assets, end of year	$ 499,000	$ -	$9,989,000	$10,488,000

NOTE F - PERMANENTLY RESTRICTED NET ASSETS - Continued

Funds with Deficiencies - continued

The following illustrates endowment net asset composition by type of fund and the changes in endowment net assets for the year ended December 31, 2011:

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 392,000	$ -	$9,879,000	$10,271,000
Total funds	$ 392,000	$ -	$9,879,000	$10,271,000
Endowment net assets, beginning of year	$ 799,000	$ -	$9,758,000	$10,557,000
Investment return:				
Interest and dividends	229,000	-	-	229,000
Net realized and unrealized loss on investments	(246,000)	-	-	(246,000)
Total investment return	(17,000)	-	-	(17,000)
Amounts appropriated for expenditure	(390,000)	-	-	(390,000)
Contributions received	-	-	121,000	121,000
Endowment net assets, end of year	$ 392,000	$ -	$9,879,000	$10,271,000

NOTE G - UNRESTRICTED NET ASSETS – BOARD DESIGNATED

The Foundation Board of Trustees have designated a portion of unrestricted net assets as follows:

	2012	2011
Beginning of Year Unrestricted Net Assets-Board Designated	$2,589,000	$2,589,000
End of Year Unrestricted Net Assets-Board Designated	$2,589,000	$2,589,000

NOTE H - LONG-TERM OBLIGATIONS

Long-term obligations at December 31 consist of the following:

	2012	2011
Lifetime Value of AOPA Membership	$ 896,000	$652,000
Charitable Gift Annuities (Note I)	277,000	289,000
Aircraft Repair Reserves	-	10,000
	$1,173,000	$951,000

Donors to the Foundation's Life Member program receive a lifetime membership to AOPA as recognition of their gift. A value approximating this lifetime AOPA membership is deducted from each gift. The Foundation calculates the value of the lifetime membership annually, based upon the demographic information of the donor group as well as expected investment earnings and annual payments to AOPA for membership dues. At December 31, 2012 and 2011, this lifetime value was approximated at $650 and $500 per donor respectively.

Aircraft Repair Reserves were eliminated in 2012 with the sale of the aircraft.

NOTE I - CHARITABLE GIFT ANNUITIES

A portion of long-term obligations is comprised of an annuities liability which represents the liability for future annuity payments due under charitable gift annuities.

Under the charitable gift annuities, donors make contributions to the Foundation, for which they receive an annuity from the Foundation. Contribution revenue is recognized as the excess of the fair value of assets received over the net present value of the future annuity payments due. The liability was determined using the 90CM mortality table and assumed interest rates of 1.6 percent to 4.2 percent. A portion of the monies received from these split-interest agreements is required by law to be reserved for making the annuity payments. At December 31, 2012, the Foundation has investments of $520,000 reserved for paying annuities. The amount required to be reserved was $426,000.

The Foundation has classified the charitable gift annuities in Level 2 of the fair value hierarchy as quoted prices for the annuities are available in inactive markets.

NOTE J - COMMITMENTS

The Foundation has no long-term lease obligations as of December 31, 2012. Rental expense under all operating leases and other rental arrangements was $204,000 and $208,000 for the years ended December 31, 2012 and 2011, respectively.

NOTE K - EMPLOYEE BENEFIT PLANS

The Foundation provides its employees with a defined contribution excess income sharing and 401(k) plan (the "DC Plan"). Foundation contributions to the excess income portion of the DC Plan can range from 2.5 percent to 10 percent of aggregated participants' eligible compensation at the discretion of the Board of Trustees. Contribution expense under the DC Plan was $47,000 and $50,000 for the years ended December 31, 2012 and 2011, respectively.

The Foundation makes a matching contribution to the 401(k) portion of the DC Plan. For the years ended December 31, 2012 and 2011, matching contributions were $95,000 and $90,000, respectively.

NOTE L - RELATED PARTY TRANSACTIONS

Certain officers and trustees of the Foundation are also officers and trustees of AOPA (the "Association"). The Association provides various administrative support services to assist the Foundation in fulfilling its purpose, for which the Foundation was charged $1,491,000 and $1,425,000 in 2012 and 2011, respectively. The amount payable to the Association at December 31, 2012 and 2011 was $68,000 and $209,000, respectively, and is included in Accounts Payable on the accompanying Statements of Financial Position. AOPA Insurance Agency, Inc., a subsidiary of the Association, made a contribution of $500,000 and $400,000 to the Foundation for the years ended December 31, 2012 and December 31, 2011, respectively. AOPA Service Corporation, a subsidiary of the Association, made a contribution of $75,000 to the Foundation for the year ended December 31, 2011.

NOTE M - ALLOCATION OF JOINT COSTS

The Foundation conducts activities to distribute information related to its mission and to appeal for funds. The joint costs incurred through these activities for the years ended December 31 were allocated as follows:

	2012	2011
Education	$2,728,000	$2,153,000
Fundraising	844,000	875,000
Total Joint Costs	$3,572,000	$3,028,000

NOTE N - SUBSEQUENT EVENTS

The Foundation evaluated its December 31, 2012 financial statements for subsequent events through April 16, 2013, the date the financial statements were available to be issued. The Foundation is not aware of any subsequent events which would require recognition or disclosure in the financial statements.