



Delta Pilots Mutual Aid, Inc.

FINANCIAL STATEMENTS

December 31, 2023 and 2022

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Note: Other schedules required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA) have been omitted because the conditions under which they are required are not present.



REPORT





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INDEPENDENT AUDITOR'S REPORT

Board of Trustees of
Delta Pilots Mutual Aid, Inc.

Opinion

We have audited the accompanying financial statements of Delta Pilots Mutual Aid, Inc. (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), which comprise the statements of net assets available for benefits and plan benefit obligations as of December 31, 2023 and 2022, and the related statements of changes in net assets available for benefits and of changes in plan benefit obligations for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits and plan benefit obligations of Delta Pilots Mutual Aid, Inc. as of December 31, 2023 and 2022 and the changes in its net assets available for benefits and changes in plan benefit obligations 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 Delta Pilots Mutual Aid, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Management is also responsible for maintaining a current plan instrument, including all Plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 Delta Pilots Mutual Aid, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Delta Pilots Mutual Aid, Inc.'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.

Supplemental Schedules Required by ERISA

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2023, and Schedule H, Line 4j – Schedule of Reportable Transactions for the year ended December 31, 2023, are presented for purposes of additional analysis and are not a required part of the financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying schedules is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
May 6, 2024



FINANCIAL STATEMENTS



Delta Pilots Mutual Aid, Inc.
Statements of Net Assets Available for Benefits

| <i>December 31,</i> | 2023 | 2022 |
|----------------------------------------------------|---------------|---------------|
| Assets | | |
| Cash | \$ 5,011,863 | \$ 4,601,093 |
| Investments, at fair value | | |
| Interest-bearing cash | 10,379,091 | 4,502,594 |
| Mutual funds | 33,715,540 | 16,725,276 |
| Total investments | 44,094,631 | 21,227,870 |
| Prepaid insurance | - | 47,998 |
| Total current assets | 49,106,494 | 25,876,961 |
| Deposits | 3,710 | 3,710 |
| Property and equipment, net | 27,769 | 30,365 |
| Operating lease right-of-use asset, net | 246,203 | 311,030 |
| Total assets | 49,384,176 | 26,222,066 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | 38,684 | 68,119 |
| Current maturities of operating lease liability | 66,673 | 62,339 |
| Total current liabilities | 105,357 | 130,458 |
| Operating lease liability, less current maturities | 187,229 | 253,480 |
| Total liabilities | 292,586 | 383,938 |
| Net assets available for benefits | \$ 49,091,590 | \$ 25,838,128 |

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

Delta Pilots Mutual Aid, Inc.
Statements of Changes in Net Assets Available for Benefits

| <i>For the years ended December 31,</i> | 2023 | 2022 |
|--------------------------------------------------------------|---------------|----------------|
| Additions | | |
| Investment income (loss) | | |
| Net appreciation (depreciation) in fair value of investments | \$ 1,957,473 | \$ (4,452,835) |
| Interest and dividend income | 1,426,195 | 669,131 |
| <hr/> | | |
| Total investment income (loss) | 3,383,668 | (3,783,704) |
| | | |
| Contributions | | |
| Participant contributions | 40,144,228 | 21,949,820 |
| <hr/> | | |
| Total additions | 43,527,896 | 18,166,116 |
| | | |
| Deductions | | |
| Disability and death benefits paid to participants | 18,360,861 | 23,251,470 |
| Administrative and other | 1,913,573 | 1,557,652 |
| <hr/> | | |
| Total deductions | 20,274,434 | 24,809,122 |
| <hr/> | | |
| Net increase (decrease) in net assets | 23,253,462 | (6,643,006) |
| | | |
| Net Assets Available for Benefits | | |
| Beginning of year | 25,838,128 | 32,481,134 |
| <hr/> | | |
| End of year | \$ 49,091,590 | \$ 25,838,128 |
| <hr/> | | |

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

Delta Pilots Mutual Aid, Inc.
Statements of Plan Benefit Obligations

| <i>For the years ended December 31,</i> | 2023 | 2022 |
|-----------------------------------------------------------------------|---------------------|---------------------|
| <u>Obligations for current benefit coverage, at estimated amounts</u> | <u>\$ 5,875,000</u> | <u>\$ 4,810,000</u> |

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

Delta Pilots Mutual Aid, Inc.
Statements of Changes in Plan Benefit Obligations

| <i>For the years ended December 31,</i> | 2023 | 2022 |
|-----------------------------------------------------------------|---------------------|---------------------|
| <hr/> | | |
| Obligations for current benefit coverage, at estimated amounts: | | |
| Balance at beginning of year | \$ 4,810,000 | \$ 5,319,000 |
| Claims reported and approved for payment | 18,360,861 | 23,251,470 |
| Claims paid | (18,360,861) | (23,251,470) |
| Net increase (decrease) in claims experience | 1,065,000 | (509,000) |
| <hr/> | | |
| Balance at end of year | \$ 5,875,000 | \$ 4,810,000 |
| <hr/> | | |

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

Note 1: DESCRIPTION OF PLAN

General

The following description of Delta Pilots Mutual Aid, Inc. (DPMA, the Plan) provides only general information. Participants should refer to the by-laws and to the Plan Document, as amended and restated January 1, 2022, for a complete description of the Plan's provisions and by-laws.

DPMA is an independent, non-profit association of Delta Air Lines, Inc. (Delta) pilots organized to self-administer financial aid to participating pilots in the event of a loss of earning power through sickness, disability or death, while employed by Delta. The Plan provides supplemental disability and death benefits to all eligible members. The Plan and related trust were established on January 1, 1996. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended, as a health and welfare plan. The Plan is a separate entity from Delta Airlines, Inc. and Delta is not a plan sponsor with respect to this Plan.

Effective October 30, 2008, the Plan contracted with Delta to add a program with substantially similar benefits for the former Northwest Airlines, Inc. pilots (FNWAP), who became employees of Delta as a result of the consummation of a merger between Delta and Northwest Airlines, Inc. This agreement had an initial term that expired on December 31, 2012, and was automatically renewed pursuant to the terms of the agreement.

At December 31, 2023 and 2022, the Plan had a participation rate of approximately 99% of active Delta pilots. For the years ended December 31, 2023 and 2022, the Plan had approximately 16,600 and 14,600 participants, respectively.

The Plan is administered by a voluntary board of trustees (the trustees).

Delta provides DPMA with a list of members who may be eligible for the Plan's death and disability benefits and provides payroll data and clerical assistance pursuant to a ministerial agreement between the two parties.

Effective April 2019, the Plan incorporated under the laws of the state of Georgia.

The Plan is a contributory health and welfare defined benefit plan and as such is subject to the provisions of ERISA.

Eligibility

All Delta employees who are classified as pilots on the Delta System Seniority List are eligible to participate as a member of DPMA, and all currently employed FNWAP are eligible to participate as a member of the DPMA/FNWAP component of the Plan. The pilot must elect to participate within forty-five days of receipt of notice of eligibility, or permanently forfeit the privilege of membership in DPMA. Pilots who elected to participate but are no longer contributing to the Plan due to temporary or long-term disability, leave of absence (military or other) status or furlough status are considered inactive members.

Note 1: DESCRIPTION OF PLAN (Continued)

Funding and Accounting

The benefits provided under the Plan are funded through after-tax contributions from the Plan participants. The contribution is a fixed percentage of gross earnings. The contribution rate is intended to be sufficient to meet the Plan's benefit and expense obligations, and is adjusted from time to time by the Plan's trustees. The DPMA participants contributed 0.50% of gross earnings, as defined by the Plan document, for the period January 1, 2022 through August 31, 2022. The DPMA participants contributed 0.69% of gross earnings effective for the period September 1, 2022 through the period ended December 31, 2023. FNWAP participants contributed 1.23% of gross earnings effective for the period January 1, 2022 through December 31, 2023.

Contributions to the Plan do not create a vested interest for any individual participant. During active membership with DPMA, a pilot may be entitled to disability or death benefits. However, upon termination of membership, there is no vested interest for the former member.

As part of the agreement to provide the FNWAP program, Delta made an initial cash contribution to the Plan of \$8,000,000 in 2008 for the benefit of FNWAP.

The Delta program and the FNWAP program have separate accounting for the Plan activities related to each pilot group. Accordingly, separate bank and investment accounts are maintained for each program. To the extent that there are shared costs for administrative expenses, the shared costs are allocated 72% to the Delta program and 28% to the FNWAP program.

Termination of membership may occur at termination of employment, retirement, attainment of FAA mandatory retirement age, voluntary termination or failure to pay assessed contributions.

Effective March 1, 2023, Delta Airlines and Delta Airlines pilots ratified a new Pilot Working Agreement. The new agreement provides for pay increases that are retroactive to January 1, 2023. The Plan received contributions of approximately \$5,900,000 related to this "retro pay" during the 2023 Plan year.

Benefit Payments

The Plan's benefits are designed to provide financial aid to its members in the event of death, sickness or disability while employed by Delta. Disability benefits paid under the Plan are defined by the plan document, based on the member's compensation. The compensation base is a percentage of after-tax final average earnings (FAE) of the highest 12 consecutive months out of the past 36 months, as defined, on active payroll status.

Over a participant's career, the Plan will pay up to 24 months of benefits, with a maximum of 12 consecutive months for a single illness.

Additionally, survivor benefits are provided covering each participant of the Plan with the named beneficiary selected by each respective participant. The survivor benefit amount was \$35,000 and \$25,000 for the 2023 and 2022 Plan years, respectively.

Administrative Expenses

Certain expenses incurred in connection with the general administration of the Plan that are paid by the Plan are recorded as deductions in the accompanying statements of changes in net assets available for benefits. In addition, certain investment related expenses are included in net appreciation (depreciation) of fair value of investments presented in the accompanying statements of changes in net assets available for benefits.

Delta Pilots Mutual Aid, Inc. **Notes to Financial Statements**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of the Plan applied in the accompanying financial statements follows.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly-liquid debt instruments with an original maturity of 90 days or less.

Investments and Investment Income

The Plan's investments, except for interest-bearing cash accounts, are held in a brokerage account with Fidelity Investments at December 31, 2023 and 2022. Reliance Trust Company is the trustee of these investments. The interest-bearing cash accounts are held pursuant to depository agreements with the Delta Community Credit Union. The investments are stated at fair value. Increases or decreases in the fair values of the investments, including realized gains or losses from investment transactions, are reflected in the statement of changes in net assets available for benefits as net appreciation (depreciation) in the fair value of investments.

Substantially all interest and dividend income for the years ended December 31, 2023 and 2022 was earned from investments in mutual funds and exchange traded funds.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. Expenditures for additions, major renewals and betterments are capitalized and repairs and maintenance are charged to operations as incurred. Depreciation and amortization expense is recognized over the estimated useful lives of the assets using the straight-line method.

Contributions

Participant contributions are recognized in the period in which the dues payments are deducted from the participant's gross pay.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Benefit Payments

Benefits are recorded when paid. Any refunds due to overpayments or subrogation are recorded as a reduction of benefit payments. Subrogation refunds occur when the Plan recovers, from a third party, benefits paid to a participant. Subrogation refunds are recorded when received by the Plan.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification (ASC) 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Effective January 1, 2022, the Plan adopted ASC 842 and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available.

The Plan elected the available practical expedients to account for the existing operating lease as an operating lease, under the new guidance, without reassessing (a) whether the contract contains a lease under the new standard, or (b) whether classification of the operating lease would be different in accordance with the new guidance.

As a result of the adoption of the new lease accounting guidance, the Plan recognized on January 1, 2022 a lease liability of \$375,110, which represents the present value of the remaining operating lease payments of \$412,136, discounted using the risk free rate of 3.40%, and a corresponding right-of-use asset of \$375,110.

The standard had an impact on the Statement of Net Assets Available for Benefits, but did not have an impact on the Statement of Changes in Net Assets Available for Benefits. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Leases

The Plan leases space in an office building. Management determines if an arrangement is a lease at inception. The operating lease is included in operating lease right-of-use (ROU) asset and operating lease liability in the Statement of Net Assets Available for Benefits.

ROU asset represents the Plan's right to use an underlying asset for the lease term and lease liability represent the Plan's obligation to make lease payments arising from the lease. Operating lease ROU asset and liability is recognized at the commencement date based on the present value of lease payments over the lease term. As the lease does not provide an implicit rate, management has elected the practical expedient to use the risk-free rate. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend the lease when it is reasonably certain that the Plan will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (continued)

The lease agreement does not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, Management considers factors such as if the Plan has obtained substantially all of the rights to the underlying asset through exclusivity, if the Plan can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Subsequent Events

Management of the Plan evaluated subsequent events through the date that the financial statements were available to be issued, May 6, 2024, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.

Note 3: CONCENTRATIONS

The financial instruments, which potentially subject the Plan to concentrations of market and credit risk, are principally investments and cash deposits. The Plan's investments consist primarily of various mutual funds. To reduce concentrations of credit risk, the Plan's trustees have an established investment policy, and its investment advisor recommends various types of funds to ensure compliance with this policy. Accordingly, the trustees believe that the Plan's credit risk exposure is limited.

However, due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of these investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

The Plan has cash deposits with a financial institution, which fluctuate from time to time in excess of federally insured limits. If these financial institutions were not to honor their contractual liability, the Plan could incur losses. The Plan's management is of the opinion that there is no risk of loss because of the financial strength of the financial institution.

Delta Pilots Mutual Aid, Inc.
Notes to Financial Statements

Note 4: PROPERTY AND EQUIPMENT

Depreciation and amortization expense of approximately \$2,600 and \$19,000 is included in administrative and other expenses for the years ended December 31, 2023 and 2022, respectively. The components of property and equipment at December 31, 2023 and 2022, are as follows:

| | Estimated Useful Lives (in years) | | 2023 | | 2022 |
|------------------------------------------------|-----------------------------------------|----|------------------|----|---------------|
| Furniture and fixtures | 3-7 | \$ | 215,303 | \$ | 215,303 |
| Leasehold improvements | 15 | | 38,943 | | 38,943 |
| Total depreciable property and equipment | | | 254,246 | | 254,246 |
| Less accumulated depreciation and amortization | | | 226,477 | | 223,881 |
| Total | | | \$ 27,769 | \$ | 30,365 |

Note 5: INVESTMENTS

At December 31, 2023, \$34,977,714 in interest-bearing cash and investments, at fair value, were allocated to the DPMA program and \$9,116,917 to the FNWAP program. At December 31, 2022, \$18,230,975 in interest-bearing cash and investments, at fair value, were allocated to the DPMA program and \$2,996,895 to the FNWAP program.

The investments in interest-bearing cash and mutual funds (including gains and losses on investments sold, as well as held during the year) appreciated in value by \$1,957,473 for the year ended December 31, 2023, and depreciated in value by \$4,452,835 for the year ended December 31, 2022.

Note 6: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Delta Pilots Mutual Aid, Inc.
Notes to Financial Statements

Note 6: FAIR VALUE MEASUREMENTS (Continued)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Interest-bearing cash: Stated at cost, plus accrued interest, which approximates fair value.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission.

These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with 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.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2023 and 2022:

| Description | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------------------|----------------------|-------------|-------------|----------------------|
| December 31, 2023 | | | | |
| Interest-bearing cash | \$ 10,379,091 | \$ - | \$ - | \$ 10,379,091 |
| Mutual funds | 33,715,540 | - | - | 33,715,540 |
| Total investment assets at fair value | \$ 44,094,631 | \$ - | \$ - | \$ 44,094,631 |

| Description | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------------------|----------------------|-------------|-------------|----------------------|
| December 31, 2022 | | | | |
| Interest-bearing cash | \$ 4,502,594 | \$ - | \$ - | \$ 4,502,594 |
| Mutual funds | 16,725,276 | - | - | 16,725,276 |
| Total investment assets at fair value | \$ 21,227,870 | \$ - | \$ - | \$ 21,227,870 |

Delta Pilots Mutual Aid, Inc. Notes to Financial Statements

Note 7: TRUSTEE RESPONSIBILITY

The Plan is administered by the Board of Trustees and its officers. The trustees must be members of DPMA that are active or disabled and under the FAA mandatory retirement age. The trustees are volunteers who serve the DPMA without compensation.

The Plan's investments in interest-bearing cash, mutual funds and exchange traded funds are held in trust by Reliance Trust Company.

Note 8: TAX STATUS

DPMA applied for and received a letter of determination of exempt tax status under Section 501(c)(9) of the Internal Revenue Code, effective April 1, 2002. Prior to that date, DPMA was classified as an insurance company for federal income tax purposes, pursuant to a private letter ruling dated March 23, 1995, and was taxable under Subchapter L of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. The Plan's Board of Trustees and the Plan's counsel believe that the trust is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code, and therefore, the Plan was qualified and the related trust was tax-exempt at December 31, 2023 and 2022.

FASB ASC 740, *Income Taxes* (ASC 740) requires the Plan's management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the relevant taxing authorities.

The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2020.

Note 9: RELATED-PARTY TRANSACTIONS AND PARTIES-IN-INTEREST TRANSACTIONS

The Plan reimburses the trustees for reasonable expenses, and Delta is reimbursed for flight pay paid to the trustees for trip drops during their attendance of board meetings or otherwise performing duties as a trustee. The amounts reimbursed for the years ended December 31, 2023 and 2022, were approximately \$631,000 and \$561,000 respectively, included in administrative and other expenses.

These transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transaction rules under ERISA.

The Plan also engages various vendors to perform operating services to the Plan, including rent, accounting, actuarial, consulting, and legal and information technology, and pays reasonable compensation to these vendors.

Delta Pilots Mutual Aid, Inc.
Notes to Financial Statements

Note 10: PLAN TERMINATION

Although it has not expressed any intention to do so, the Plan has the right to modify the benefits provided to and contributions required of participants or to terminate the Plan subject to the provisions set forth in ERISA. The FNWAP program may be terminated at any time by either the DPMA or Delta or if the collective bargaining agreement covering those participants no longer provides funding for the program.

In the event of termination of the Plan, the remaining assets of the Plan will be distributed in the following order: (1) the payment of all accrued and outstanding liabilities for administrative expenses of DPMA; (2) the payment of pending death benefit claims; (3) the payment of up to three months' disability benefits to all DPMA members then receiving disability benefits; and (4) the payment to all DPMA members in good standing of their pro rata share of any remaining assets.

Note 11: PLAN BENEFIT OBLIGATION

The Plan's benefit obligations consist of the estimated benefit obligations of each program within the Plan. The Delta program benefit obligation at December 31, 2023 and 2022, of \$4,800,000 and \$3,554,000 respectively, represents approximately three months of claims, incurred but not paid, based on actual claims experienced. The FNWAP benefit obligation at December 31, 2023 and 2022, of \$1,075,000 and \$1,256,000 respectively, represents approximately three months of claims, incurred but not paid, based on actual claims experienced in 2023 and 2022.

Note 12: COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Plan has an operating lease for space in an office building. The lease has a remaining lease term of 3.50 years and 4.58 years as of December 31, 2023 and 2022, respectively.

The components of lease expense were as follows:

| <i>For the years ended December 31,</i> | 2023 | 2022 |
|-----------------------------------------|------------------|-----------|
| Operating lease cost | \$ 78,824 | \$ 75,562 |

Other information related to the office lease was as follows:

| <i>For the years ended December 31,</i> | 2023 | 2022 |
|------------------------------------------------------------------------|------------------|-----------|
| Cash paid for amounts included in the measurement of lease liabilities | | |
| Operating cash flows from operating leases | \$ 72,131 | \$ 70,038 |

Delta Pilots Mutual Aid, Inc.
Notes to Financial Statements

Note 12: COMMITMENTS AND CONTINGENCIES (Continued)

Lease Commitments (continued)

Future minimum lease payments under non-cancellable leases as of December 31, 2023, were as follows:

For the years ending December 31,

| | | |
|-------------------------------------------|----|-------------------|
| 2024 | \$ | 74,302 |
| 2025 | | 76,532 |
| 2026 | | 78,833 |
| 2027 | | 40,300 |
| Total future minimum lease payments | | 269,967 |
| Less imputed interest | | 16,065 |
| <u>Present value of lease liabilities</u> | | <u>\$ 253,902</u> |

Note 13: EMPLOYEE BENEFIT PLAN

The Board of Trustees of the DPMA makes a discretionary contribution to the Simplified Employee Pension IRA (SEP IRA) of each eligible employee. The discretionary contributions for the years ended December 31, 2023 and 2022 were \$19,150 and \$8,165, respectively.



SUPPLEMENTAL SCHEDULES



Delta Pilots Mutual Aid, Inc.
EIN# 58-2308503 Plan#501
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)
December 31, 2023

| (a)(b)(c) Description of Investment | (d) Cost | (e) Current Value |
|--------------------------------------------------|----------------------|----------------------|
| Investments in mutual funds: | | |
| American Funds Euro Pacific Growth Fund Class R6 | \$ 3,283,440 | \$ 3,510,815 |
| Lord Abbett Short Duration | 3,480,700 | 3,505,118 |
| Baird Core Plus Bond | 3,411,171 | 3,496,510 |
| MFS Growth Fund Class R6+ | 2,713,203 | 3,238,581 |
| Vanguard Equity Income | 3,116,837 | 3,136,857 |
| * Fidelity 500 Index Fund | 2,668,143 | 3,123,087 |
| FPA New Income Fund | 2,241,989 | 2,292,145 |
| DFA Emerging Market Core Equity | 1,637,979 | 1,766,223 |
| Goldman Sach International Small Cap Insight | 1,617,434 | 1,750,942 |
| * Fidelity Mid Cap Index Fund | 1,580,906 | 1,741,982 |
| * Fidelity Small Cap Index Fund | 1,276,176 | 1,400,941 |
| JPMorgan Ultra-Short Income ETF | 894,044 | 1,344,531 |
| PIMCO ETP | 1,336,257 | 1,343,005 |
| Cohen & Steers Real Estate Securities | 969,900 | 1,051,156 |
| Invesco Balanced - Risk Commodity | 1,071,856 | 1,013,646 |
| | <u>31,300,034</u> | <u>33,715,540</u> |
| Investments in interest-bearing cash | 10,379,091 | 10,379,091 |
| | <u>\$ 41,679,125</u> | <u>\$ 44,094,631</u> |

*Fidelity is a party-in-interest.

Delta Pilots Mutual Aid, Inc.
EIN# 58-2308503 Plan#501
Schedule H, Line 4j – Schedule of Reportable Transactions
For the year ended December 31, 2023

For the year ended December 31, 2023

| (a)(b) Description of Asset | (c) Purchase Price | (d) Selling Price | (g) Cost of Asset | (h) Current Value of Asset on Transaction Date | (i) Net Gain (Loss) |
|-----------------------------------|--------------------------|-------------------------|-------------------------|---------------------------------------------------------------|---------------------------|
| Series of Transactions | | | | | |
| Fidelity Instl MM FDS Treasury | \$ 7,167,199 | \$ - | \$ - | \$ 7,167,199 | \$ - |
| Fidelity Instl MM FDS Treasury | \$ - | \$ 1,223,608 | \$ 1,223,608 | \$ 1,223,608 | \$ - |
| Fidelity Government Cash Reserves | \$ 20,083,795 | \$ - | \$ - | \$ 20,083,795 | \$ - |
| Fidelity Government Cash Reserves | \$ - | \$ 20,150,889 | \$ 20,150,889 | \$ 20,150,889 | \$ - |
| American Funds Europacific Growth | \$ 1,465,102 | \$ - | \$ - | \$ 1,464,724 | \$ (378) |
| Fidelity 500 Index Fund | \$ 575,000 | \$ - | \$ - | \$ 575,000 | \$ - |
| MFS Growth | \$ 1,346,032 | \$ - | \$ - | \$ 1,344,491 | \$ (1,542) |
| Vanguard Equity-Income | \$ 1,583,058 | \$ - | \$ - | \$ 1,582,958 | \$ (100) |
| Baird Core Plus Bond | \$ 1,411,345 | \$ - | \$ - | \$ 1,411,245 | \$ (100) |
| IShares 0-5 Year Tips Bond | \$ 748,064 | \$ - | \$ - | \$ 747,075 | \$ (990) |
| IShares 0-5 Year Tips Bond | \$ - | \$ 1,440,022 | \$ 1,505,186 | \$ 1,440,616 | \$ (65,164) |
| Lord Abbett Short Duration | \$ 1,477,761 | \$ - | \$ - | \$ 1,477,581 | \$ (180) |
| Single Transactions | | | | | |
| Fidelity Government Cash Reserves | \$ 2,500,000 | \$ - | \$ - | \$ 2,500,000 | \$ - |
| Fidelity Government Cash Reserves | \$ 3,487,000 | \$ - | \$ - | \$ 3,487,000 | \$ - |
| Fidelity Government Cash Reserves | \$ 1,722,000 | \$ - | \$ - | \$ 1,722,000 | \$ - |
| Fidelity Government Cash Reserves | \$ - | \$ 1,950,300 | \$ - | \$ 1,950,300 | \$ - |
| Fidelity Government Cash Reserves | \$ - | \$ 3,188,345 | \$ - | \$ 3,188,345 | \$ - |
| Fidelity Government Cash Reserves | \$ 3,300,000 | \$ - | \$ - | \$ 3,300,000 | \$ - |
| Fidelity Government Cash Reserves | \$ 1,400,000 | \$ - | \$ - | \$ 1,400,000 | \$ - |
| Fidelity Instl MM FDS Treasury | \$ 2,095,000 | \$ - | \$ - | \$ 2,095,000 | \$ - |
| Fidelity Government Cash Reserves | \$ - | \$ 1,454,417 | \$ - | \$ 1,454,417 | \$ - |
| IShares 0-5 Year Tips Bond | \$ - | \$ 1,440,022 | \$ 1,505,186 | \$ 1,440,616 | \$ (65,164) |
| Fidelity Government Cash Reserves | \$ - | \$ 2,395,345 | \$ - | \$ 2,395,345 | \$ - |
| Fidelity Government Cash Reserves | \$ 1,600,000 | \$ - | \$ - | \$ 1,600,000 | \$ - |
| Fidelity Government Cash Reserves | \$ 3,800,000 | \$ - | \$ - | \$ 3,800,000 | \$ - |
| Fidelity Instl MM FDS Treasury | \$ 1,750,000 | \$ - | \$ - | \$ 1,750,000 | \$ - |
| Fidelity Government Cash Reserves | \$ - | \$ 1,750,000 | \$ - | \$ 1,750,000 | \$ - |
| Fidelity Government Cash Reserves | \$ - | \$ 4,025,345 | \$ - | \$ 4,025,345 | \$ - |

Columns (e) and (f) are not included above because they are not applicable.