



Agency Fee

- **Introductory Letter by
APA Secretary-Treasurer
First Officer Pat Clark,
dated May 22, 2025**
- **Agency Fee Policy for Fiscal
Year 2026**
- **BDO USA, P.C. Special-Purpose
Audit, dated October 4, 2024**

May 22, 2025




ALLIED PILOTS ASSOCIATION



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TO: Non-Member Pilots Employed by American Airlines, Inc.

FROM: First Officer Pat Clark 
Secretary-Treasurer, Allied Pilots Association

RE: Agency Fee Policy for Fiscal Year Beginning July 1, 2025 (Fiscal Year 2026)
Introduction Letter and Overview

DATE: May 22, 2025

I encourage all non-members to join (or re-join) the Allied Pilots Association (“APA” or “Association”). This last year saw continuing pay rate increases through the 2023 Collective Bargaining Agreement (“CBA”) with American Airlines (“AA” or “Company”). Implementation efforts for new 2023 CBA provisions continue as required. As a pilot group, we achieved significant gains in the 2023 CBA. The coming fiscal year will see additional pay rate increases, an increase to our 401k employer contribution, and implementation of improved work rules. APA believes the collective bargaining and representational interests of AA pilots are best served by having a strong Association capable of defending pilots’ interests in a range of national and international arenas affecting aviation and the airline industry. Even though you are a non-member, APA represents you and your concerns. Why not become a member and join your fellow pilots? We must all stand together, strong and united, to continue to improve our airline and enforce our contract. If you would like more information on membership, please contact APA at 1-800-323-1470, ext. 2231, or secretary-treasurer@alliedpilots.org.

This booklet outlines and describes the mandatory “Agency Fee” program for pilots who are not members of the Association. The following information is included:

- This introductory letter and overview,
- APA’s Agency Fee Policy (Fiscal Year 2026)(“FY 2026”),
- BDO USA’s October 4, 2024, independent auditor’s “Special Purpose Schedules of Chargeable and Nonchargeable Expenses” for the year ended June 30, 2024, calculating the chargeable percentage for the APA FY26 Agency Fee Policy.

Agency Fee Payers: Agency fee payers are pilots employed by AA who elect not to become members of the Association but who are subject to and required by Section 25 of the collective bargaining agreement, to pay a monthly service charge to the Association for the administration of the agreement and representation of the pilot. This contractual provision is authorized by Section 2, Eleventh, of the Railway Labor Act, 45 U.S.C. § 152, which provides that a carrier and a labor organization may negotiate union security clauses within collective bargaining agreements. The courts have determined this provision to mean that an employee covered by the collective bargaining agreement need not actually join the union but will then become, what is commonly referred to as, an “agency fee payer” - essentially, a non-member who pays the union a servicing fee.

Non-member pilots are legally required to pay the agency fee.¹ The agency fee amount is equal to the dues amount paid by APA members. Most non-members find the automatic withdrawal, also known as “check-off,” to be more convenient than writing a monthly check. Non-members who do not pay the agency fee or become delinquent in payment are subject to termination of employment in accordance with Section 25 of the Agreement.

Agency Fee Payer Objectors/Challengers: Within the category of agency fee payers, there is a sub-category of those non-members who object to certain expenditures that the courts have determined may not be charged to non-members over an objection. These non-member agency fee payers are known as “objectors.” Objectors pay a reduced amount (known as the chargeable percentage) determined by a detailed calculation following a special-purpose audit.

A non-member who wishes to become an objector for FY 2026 must file an individual written objection with the APA Secretary-Treasurer no later than July 1, 2025. An APA member who wishes to become an objector must first resign from the union and then file a written objection postmarked within 30 days of the effective date of the resignation. Objector requests must be made in accordance with the requirements contained in the attached Agency Fee Policy.

Agency fee payer objectors are required to pay only the costs associated with APA’s role and activities as the exclusive collective bargaining representative of AA pilots. Each fiscal year, APA retains an independent accounting firm to submit a report verifying the calculation of the percentage of the agency fee that may be chargeable to an objector. For this upcoming fiscal year, FY 2026 (July 1, 2025, through June 30, 2026), the chargeable percentage is based on APA’s annual expenses for the most recent completed and audited fiscal year – in this case fiscal year 2024. The BDO USA, PC special purpose audit for the year ending June 30, 2024, which includes a review of the calculation of the chargeable percentage, is enclosed.

Based on the enclosed Special-Purpose Schedule of Chargeable and Nonchargeable Expenses for the year ended June 30, 2024, as verified by BDO USA, LLC, objectors will be charged, during FY 2026, **88 percent** of the amount charged to members and agency fee payers.²

APA has established a system for objectors to challenge APA’s calculation of the chargeable percentage. An objector who wishes to challenge the calculation for the next fiscal year must file a written challenge to the calculation postmarked no later than July 1, 2025, in accordance with the requirements contained in the attached Agency Fee Policy. An objector who files a written challenge is known as a “challenger.” The challenge procedures and the method for resolving these challenges are set forth in detail in the Agency Fee Policy.

If you have questions about any of this material, please call APA at 1-800-323-1470, ext. 2231. Thank you for your attention.

¹ Agency fees, dues, contributions, or gifts to APA are not tax deductible as charitable contributions; however, they may be tax deductible as ordinary and necessary business expenses. Please consult your own tax advisor.

² The APA Board of Directors approved Resolution R2025-05 Rev 5, on May 8, 2025. This resolution approved a “dues holiday.” As such, agency fees will not be collected starting with your July 2025 paycheck (pay for June flying). The “dues holiday” will continue until certain events occur (e.g., APA’s reserves are depleted to an amount of \$50M). Assuming the “dues holiday” continues for four months, the effective rate of the chargeable percentage for the entire 2026 fiscal year will be 58%; similarly, if the dues holiday continues for six months, the effective rate of the chargeable percentage for the entire 2026 fiscal year will be 44%.

ALLIED PILOTS ASSOCIATION'S AGENCY FEE POLICY FISCAL YEAR 2026

The Allied Pilots Association (“APA” or “Association”) is the legally designated sole and exclusive bargaining agent and representational authority for the pilots of American Airlines (“AA” or “American”). Accordingly, all pilots, members and non-members alike, benefit from and are therefore obligated to financially contribute an equitable share to support the Association. Section 25 of the current collective bargaining agreement (“CBA” or “Agreement”) between APA and AA conditions employment of any pilot on the payment of dues or agency fee.

Agency fee payers are pilots who are not members of APA and who are subject to and required by Section 25 of the Agreement to pay a monthly service charge to the Association for the administration of the agreement and representation of AA pilots.¹ This contractual provision is authorized by Section 2, Eleventh, of the Railway Labor Act, 45 U.S.C. § 152, which provides that a carrier and a labor organization may negotiate union security clauses within collective bargaining agreements. The courts have determined this provision to mean that an employee covered by the collective bargaining agreement need not actually join the union but to remain employed, the employee becomes what is commonly referred to as an “agency fee payer” — essentially, a non-member who pays the union a servicing fee. The agency fee amount is equal to the dues amount paid by APA members.

Most non-members find the automatic withdrawal, also known as “check-off,” to be more convenient than writing a monthly check. Non-members who do not pay the agency fee or become delinquent in payment are subject to termination of employment in accordance with Section 25 of the Agreement.

To facilitate APA’s representational role, non-members are required by the Agreement to keep APA apprised of their current mailing address and contact information.² To update your mailing address, email address, or other contact information, or to request automatic withdrawal of the agency fee, please call APA at 1-800-323-1470, ext. 2231.

Federal law allows individual non-members to register objections to APA expenditures that the federal courts consider not sufficiently “germane” or related to APA’s role as collective bargaining representative of AA pilots. These “non-germane” expenses might include activities considered to be “political” or “ideological” in nature, or expenses related to strictly member-only services. If a non-member registers as an objector, the Objector’s agency fee amount is calculated in a different manner and is based on the percentage of APA’s total annual expenditures that qualify as “germane” and fully “chargeable” to non-member Objectors under applicable federal law. In addition, federal law allows non-member Objectors to challenge APA’s calculation of the annual chargeable percentage. The paragraphs below in this policy set forth APA’s objection procedures,

¹ Section 25.A. “Requirements. Each pilot of the Company covered by this Agreement will be required, as a condition of employment, beginning sixty (60) days after the effective date of this Agreement, or sixty (60) days after the completion of the pilot’s probationary period, whichever will last occur, to either (1) be, or become a member of the Association, or (2) to pay to the Association a monthly service charge for the administration of this Agreement and representation of the pilot. Such monthly service charge will be an amount allowed by law.”

² Section 25.C.3. “Every pilot covered by this Agreement shall provide to the Association’s Secretary-Treasurer current contact information, including home address, phone number and email address. Every pilot covered by this Agreement shall notify the Association’s Secretary Treasurer of every change in the pilot’s above contact information, as well as the preferred address where the notice required by this paragraph can be sent and received by the pilot, if the pilot’s home address is at any time unacceptable for this purpose.”

APA's basis for classifying expenses as "chargeable" or "non-chargeable," together with APA's determination of the current "chargeable" annual percentage for registered Objectors, and the procedures for challenging that calculation.

1. Any American Airlines pilot represented by the Allied Pilots Association who is not an APA member and who is subject to the contractual union security clause (Section 25 of the Agreement) has the right to file an objection, in accordance with the following procedures, objecting to APA expenditures that, under applicable law, are not considered technically "germane" to APA's role and responsibilities as the exclusive collective bargaining representative of AA pilots. A current APA member who chooses to become an Objector must assume non-member status before filing an objection in accordance with these procedures. The amount of agency fee charged ("chargeable percentage") to a registered Objector shall be calculated in accordance with this policy.

2. A non-member pilot who wishes to become an Objector for fiscal year 2026³ must provide written notice to APA's Secretary-Treasurer of the pilot's individual objection, by mail addressed to the APA national office and postmarked no later than July 1, 2025. The objection must be signed by the individual objecting pilot and must contain the objecting pilot's full name, AA employee number, current home mailing address, email address, and telephone number. Objections may be made only by an individual pilot; petition objections or group objections will not be honored. Any Objector wishing to continue the objection in succeeding fiscal years shall either expressly state in the objection that the objection is a continuing objection until revoked or else file proper annual objections in June of each succeeding year, in the manner described above.

A. A non-member pilot who first becomes subject to the contractual union security clause (Section 25 of the Agreement) after the deadline to file an objection in a given year and who wishes to become an Objector during that year must file a written objection in compliance with the above requirements. The written objection must be postmarked within 30 days of the date when the pilot became subject to the union security clause. The chargeable percentage rate will then be used starting the first month after the objection is received.

B. An APA member who resigns from membership in a given fiscal year, who remains subject to the union security clause (Section 25 of the Agreement) and wishes to become an Objector during that year, must file a written objection in compliance with the above requirements. The written objection must be postmarked within 30 days of the effective date of the pilot's resignation from APA membership. The chargeable percentage rate will then be used starting the first month after the objection is received.

3. APA will classify its annual expenditures as "chargeable" ("germane" to APA's role and functions as the collective bargaining representative of American Airlines, Inc.'s pilots under the Railway Labor Act) or "non-chargeable" ("non-germane") in accordance with applicable law. APA generally treats the following major categories of expenditures as "chargeable" and "non-chargeable," respectively, subject to more detailed review and classification in annual reports and statements. In the case of expenditures with mixed purposes, APA allocates amounts between "chargeable" and "non-chargeable."

Chargeable expenditures generally include but are not necessarily limited to:

- Expenses relating to negotiation of all aspects of its collective bargaining agreements

³ APA's fiscal year 2026 begins on July 1, 2025, and ends on June 30, 2026.

- Expenses relating to administration, enforcement, and implementation of agreements, practices and working conditions (including grievance handling and dispute resolution)
- Expenses relating to APA's governance, management, and associational/institutional existence (including but not limited to elections of officers and representatives, membership votes, administration, meetings, communications and other APA business and social activities)
- Expenses of publications and communications relating to chargeable activities
- Expenses of litigation and other legal proceedings relating to chargeable activities
- Expenses of participation before legislative, executive branch, and administrative forums relating to chargeable activities
- Expenses for professionals, experts, technicians, and other services in connection with chargeable activities
- Expenses for education and training intended to prepare the participants/recipients to carry out chargeable activities
- Expenses relating to group cohesion and economic action (including picketing, hand-billing, communications, demonstrations, job actions, and other lawful union activity)

Non-chargeable expenses generally include:

- Expenditures for electoral politics and political campaigns (including contributions to and support for political organizations, candidates for public office, public referenda, voter registration and get-out-the-vote activity, and political education)
- Contributions and support to charitable organizations
- Expenses for publications and communications relating to non-chargeable activities
- Costs for dealings with regulatory agencies and Congress over aviation and safety issues not considered "germane" to collective bargaining with American
- Fees of "members only" insurance programs and benefits
- Portions of APA overhead and operating expenses attributable to non-chargeable activities

4. Each fiscal year, APA will retain an independent accounting firm to submit an annual report verifying the calculation of the percentage of APA annual expenditures falling within "chargeable" categories for the prior completed fiscal year. That percentage will be used prospectively as the "chargeable percentage" amount of agency fee charged to Objectors during the next full fiscal year. According to the accounting firm's latest special purpose audit⁴ (attached) from fiscal year 2024, **the percentage classified as "chargeable" is 88.89 percent; therefore, the chargeable percentage amount payable by agency fee Objectors during fiscal year 2026⁵ shall be 88 percent of the full dues rate payable by APA members.**

5. APA will publish its Agency Fee Policy with the latest verified "chargeable percentage" calculation each year.

⁴ BDO USA, PC, *Special Purpose Schedule of Chargeable and Nonchargeable Expenses For the Year Ended June 30, 2024*, dated October 4, 2024.

⁵ APA's fiscal year 2026 begins on July 1, 2025, and ends on June 30, 2026. Objectors will be charged the 88% chargeable percentage effective July 1, 2025.

6. The amount of agency fee payable by registered Objectors will be determined as follows:

A. The amount of agency fee payable by the Objector will be calculated by applying the latest verified “chargeable percentage” to the regular amount of dues and fees that is ordinarily payable in the absence of an objection.

B. An Objector may file a written, express challenge to the validity of APA’s latest verified “chargeable percentage” calculation. Any such challenge must be filed with APA’s Secretary-Treasurer each fiscal year during the annual period for filing objections as set forth in Paragraph 2 above. The challenge must be specific to each fiscal year and cannot be a continuing challenge. Challenges may be made only by an individual objector; petition challenges or group challenges will not be honored. The Objector who files a challenge (“Challenger”) shall continue to pay to APA the amount of agency fee described in Paragraph 6.A above, pending resolution of such challenge in accordance with the further procedures set forth herein, and APA shall deposit 50 percent of that amount into a separate, segregated, interest-bearing bank account to be held, and not expended, pending resolution of the challenge (referred to as “escrow” for purposes of these procedures). When the challenge is resolved and the percentage payable by the Challenger for the relevant fiscal year is retroactively determined, the escrowed amount from that Challenger shall be applied against the determined chargeable percentage agency fee amount so that either (1) APA receives the balance (with associated interest) of the amount properly chargeable to the Challenger for the period of the escrow, or (2) the Challenger receives the difference if the amount to be determined as the proper chargeable percentage agency fee is less than the agency fee already collected for the period of the escrow. The appropriate agency fee amount shall be collected from the Challenger going forward for the remainder of the fiscal year covered by the challenge. If the agency fee amount owed for the period of escrow, as finally determined, exceeds the amount actually charged to the Challenger during that period, the Challenger shall promptly pay APA the balance owing.

7. The following procedures governing challenges to the validity of the verified “chargeable percentage” calculation are designed to give Challengers a fair, accessible, and reasonably prompt means of resolving such disputes. These procedures shall apply in the absence of an exclusive statutory review procedure or a judicial order to the contrary.

A. All properly filed challenges to the validity of APA’s latest verified “chargeable percentage” calculation which are submitted during the annual filing will automatically be consolidated for submission to an impartial arbitrator appointed by the American Arbitration Association (“AAA”) under its rules for impartial determination of union fees, as may be modified by the courts and these procedures. In the event of challenges to the “chargeable percentage” calculation filed properly at a later date under Paragraph 2.A or 2.B, above, those Challengers shall be given the benefit of the arbitrator’s ruling on the challenges addressing that same fiscal year. Challenges filed under paragraph 2.A or 2.B above will be included for submission to the impartial arbitrator if the challenge was filed at least 30 days prior to the scheduled arbitration.

B. All arbitration proceedings under these challenge procedures shall take place at APA headquarters or at a location near APA headquarters. The parties to such proceedings shall be APA and the Challenger (or Challengers collectively, in the event of consolidation). Each party to the arbitration shall bear their own costs. The Challenger(s) shall be offered the opportunity to share with APA a pro rata portion of the arbitrator’s fees and expenses. APA

shall pay the balance of such fees and expenses.

C. APA and the Challenger(s) may, at their own expense, be represented in the arbitration by a representative (lawyer or non-lawyer) of their choice. Each party shall give the other prior notice of at least fourteen (14) days of such representative's name, address, phone number, and any other contact information, and the party or individual(s) represented. Each party shall also give the other reasonable prior notice of their intent to appear at the arbitration proceeding. A party need not appear in person at the hearing; instead, a party (including individual Challengers) may file a written statement or other submission with the arbitrator provided the statement or submission is received by the arbitrator no later than the beginning of the arbitration hearing.

D. No later than 10 days before the scheduled hearing date, APA shall give the Challenger(s) a list of witnesses APA may call to testify at the hearing (other than potential rebuttal witnesses) and a list of all exhibits which APA may introduce at the hearing (other than potential rebuttal exhibits). Service on challenger's representative will satisfy this requirement or service on AAA to distribute will also satisfy this requirement. In addition, all parties to the arbitration shall follow any pre-hearing procedures that may be directed by the arbitrator.

E. The arbitration hearing shall be transcribed by a court reporter, whose transcript shall be the sole official record of the proceedings and shall be available for purchase by Challengers. A copy of the transcript will be made available at APA headquarters during normal business hours for inspection upon request by a Challenger who has not purchased a transcript copy.

F. The arbitrator shall have general authority over procedural matters arising in connection with the proceeding, keeping in mind the need for fair, informed, and expeditious arbitration. In the arbitration, APA shall have the burden of proof regarding the accuracy of the verified "chargeable percentage" calculation that is being challenged. All parties shall be given a reasonable opportunity to present evidence and arguments at the hearing. The arbitrator shall decide the dispute based on the record presented. If the Challenger(s) declines to present evidence or participate at the hearing, the arbitrator may close the record upon receipt of APA's evidence and arguments.

G. All parties to the arbitration shall have the right to file a post-hearing submission to the arbitrator prior to or by a deadline established by the arbitrator. The post-hearing submission deadline shall be no earlier than 30 days after the hearing is concluded. Such submissions may not introduce new evidence or discuss evidence not introduced in the arbitration. The arbitrator shall issue a decision within sixty (60) days after the deadline for post-hearing submissions, or as agreed upon by the parties, or within such other reasonable period of time as is consistent with AAA rules and applicable law. The arbitrator's decision on challenges to the validity of the verified "chargeable percentage" shall be final and binding.

H. When the arbitrator's decision issues, the escrowed funds shall be distributed in accordance with the arbitrator's decision, as set forth above in Paragraph 6.B.

I. These dispute resolution procedures shall be deemed legally separable. Should any provision or portion thereof be found contrary to law by a court or administrative tribunal of competent jurisdiction, the remaining provisions or portions thereof shall continue to be legally effective and binding.

Allied Pilots Association

Special Purpose Schedules of Chargeable and Nonchargeable Expenses

Years Ended June 30, 2024 and 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Allied Pilots Association

Special-Purpose Schedules of Chargeable and Nonchargeable Expenses
Years Ended June 30, 2024 and 2023

Allied Pilots Association

Contents

Independent Auditor's Report	3-4
Special-Purpose Schedule of Chargeable and Nonchargeable Expenses for the Year Ended June 30, 2024	6-7
Special-Purpose Schedule of Chargeable and Nonchargeable Expenses for the Year Ended June 30, 2023	8-9
Notes to Special-Purpose Schedules of Chargeable and Nonchargeable Expenses	10-19



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Independent Auditor's Report

The Board of Directors
Allied Pilots Association
Fort Worth, Texas

Opinion

We have audited the accompanying special-purpose schedules of chargeable and nonchargeable expenses (special-purpose schedules) of Allied Pilots Association (APA), for the years ended June 30, 2024 and 2023, and the related notes to the special -purpose schedules.

In our opinion, the special -purpose schedules referred to above present fairly, in all material respects, the chargeable and nonchargeable expenses of Allied Pilots Association for the years ended June 30, 2024 and 2023 in accordance with the accrual basis of accounting, based on descriptions in Note 2 and the significant factors and assumptions described in Note 3.

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 special -purpose schedules section of our report. We are required to be independent of APA 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 - Basis of Accounting

We draw attention to Note 1 to the special -purpose schedules, which describes the basis of accounting. The accompanying special -purpose schedules were prepared for the purpose of determining the fair share cost of services rendered by APA for employees represented by, but not members of APA, pursuant to the APA Agency Fee Policy as described in Note 1, and they are not intended to be a complete presentation of the changes in net assets or cash flows of APA in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Special-Purpose Schedule

Management is responsible for the preparation and fair presentation of the special -purpose schedules in accordance with the accrual basis of accounting, based on the descriptions in Note 2 and the significant factors and assumptions described in Note 3.

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



Auditor's Responsibilities for the Audit of the Special-Purpose Schedule

Our objectives are to obtain reasonable assurance about whether the special -purpose schedules 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 special -purpose schedules.

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 special -purpose schedules, 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 special -purpose schedules.
- 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 APA'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 special -purpose schedules.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about APA'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.

Other Matter - Restriction on Use

This report is intended solely for the information and use of the boards of directors and management of APA and the pilots employed by American Airlines Group, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

BDO USA P.C.

October 4, 2024

Special-Purpose Schedules of Chargeable and Nonchargeable Expenses

Allied Pilots Association

Special-Purpose Schedule of Chargeable and Nonchargeable Expenses

Year ended June 30, 2024

	Total Expenses	Chargeable Expenses	Nonchargeable Expenses
Domiciles	\$ 2,377,975	\$ 2,377,975	\$ -
Board of Directors	2,971,541	2,794,477	177,064
Committees			
Aeromedical	598,795	598,795	-
Appeals	67,445	67,445	-
Benefits Review and Appeals	79,201	-	79,201
CADC	34,394	-	34,394
CAPA	463,683	-	463,683
Check Airmen	197,002	197,002	-
Communications	907,204	885,534	21,670
Contract Compliance	912,012	912,012	-
DC Advisory	216,855	189,748	27,107
Compass Project	367,252	367,252	-
E & FA Advisory	385,206	385,206	-
Family Awareness	601,661	601,661	-
Financial Audit	71,747	71,747	-
Flight Time/Duty Time	325,286	325,286	-
Government Affairs	1,178,564	-	1,178,564
Hotel	573,919	573,919	-
International Alliance	178,717	-	178,717
Investor Relations	136,064	136,064	-
IT Steering	689,608	189,581	500,027
Joint Implementation	(3,120)	(3,120)	-
Jumpseat Consolidated	167,890	167,890	-
Maint & Tech Analysis	231,242	231,242	-
Membership	653,547	653,547	-
Military Affairs	31,568	31,568	-
Negotiating	1,228,492	1,228,492	-
Operational (formerly TASC)	483,667	483,667	-
Professional Standards	374,346	374,346	-
Retirement & Benefits	186,158	162,888	23,270
Safety	1,253,092	1,190,437	62,655
Scheduling (formerly TASC)	997,950	997,950	-
Scope	161,224	161,224	-
Security	91,054	45,527	45,527
Strategic Planning	324,778	324,778	-
Strike & Tactical Ops Planning	488,094	488,094	-
System Board	569,889	569,889	-
Training	207,771	207,771	-
Uniform	18,334	18,334	-
Other Committees (Under \$5,000)	989	629	360
Total Committees	15,451,580	12,836,405	2,615,175

Allied Pilots Association

Special-Purpose Schedule of Chargeable and Nonchargeable Expenses

Year ended June 30, 2024

	Total Expenses	Chargeable Expenses	Nonchargeable Expenses
Ad Hoc Committees			
APA/ALPA Exploratory	\$ 12,160	\$ 12,160	\$ -
Grievance Resolution	398,856	398,856	-
Internal Comm. Improv.	23,242	22,687	555
Medical Cert Working Group	40,296	40,296	-
National Governance & Reform	29,963	29,963	-
Operational, Comm, Cyber Sec.	43,534	43,534	-
Seniority Merger & Retirement SMART	123,499	123,499	-
Other Ad Hoc committees (under \$5,000)	602	602	-
Total Ad Hoc Committees	672,152	671,597	555
General and Administrative Expenses			
Departmental expenses:			
Accounting	1,366,600	1,250,286	116,314
Administration	1,437,767	1,437,767	-
Benefits	1,149,885	573,711	576,174
Contract administration	1,534,289	1,534,289	-
Officers	1,043,070	976,372	66,698
IT	6,589,207	4,727,306	1,861,901
Legal	1,671,405	1,671,405	-
Negotiations	946,502	946,502	-
Print shop	766,674	766,674	-
PR/Communications	1,899,233	1,899,233	-
Safety/training/security	1,971,284	1,971,284	-
Scheduling	731,982	731,982	-
Total Departmental	21,107,898	18,486,811	2,621,087
Other			
Other employee benefits	2,834,090	2,672,653	161,437
Facility costs	1,483,292	1,398,800	84,492
Supplies	85,496	80,626	4,870
Legal fees/consultants	2,728,781	2,573,343	155,438
Roadshow	736,995	736,995	-
All other expenses	3,947,138	3,722,299	224,839
Total Other	11,815,792	11,184,716	631,076
Total General and Administrative Expenses	32,923,690	29,671,527	3,252,163
Total Expenses	\$ 54,396,938	\$ 48,351,981	\$ 6,044,957
Percentage of Total Expenses	100.00%	88.89%	11.11%

See accompanying notes to the special-purpose schedules of chargeable and nonchargeable expenses.

Allied Pilots Association

Special-Purpose Schedule of Chargeable and Nonchargeable Expenses

Year ended June 30, 2023

	Total Expenses	Chargeable Expenses	Nonchargeable Expenses
Domiciles	\$ 1,813,875	\$ 1,813,875	\$ -
Board of Directors	5,793,076	5,445,491	347,585
Committees			
Aeromedical	425,203	425,203	-
Appeals	52,458	52,458	-
Benefits Review and Appeals	22,241	-	22,241
BOD Steering	6,968	6,968	-
CADC	10,747	-	10,747
CAPA	416,654	-	416,654
Check Airmen	181,058	181,058	-
Communications	782,556	763,864	18,692
Contract Compliance	766,267	766,267	-
DC Advisory	147,830	129,351	18,479
Compass Project	230,334	230,334	-
Family Awareness	619,681	619,681	-
Financial Audit	47,253	47,253	-
Flight Time/Duty Time	292,977	292,977	-
Government Affairs	953,715	-	953,715
Hotel	450,784	450,784	-
International Alliance	167,595	-	167,595
IT Steering	608,054	167,161	440,893
Jumpseat Consolidated	145,138	145,138	-
Membership	746,547	746,547	-
Military Affairs	59,130	59,130	-
Negotiating	1,446,925	1,446,925	-
Operational (formerly TASC)	340,443	340,443	-
Professional Standards	318,681	318,681	-
Retirement & Benefits	92,016	80,514	11,502
Safety	1,052,191	999,581	52,610
Scheduling (formerly TASC)	790,603	790,603	-
Scope	232,252	232,252	-
Security	91,433	45,717	45,716
Strategic Planning	359,268	359,268	-
Strike & Tactical Ops Planning	1,209,633	1,209,633	-
System Board	212,739	212,739	-
Training	190,959	190,959	-
Uniform	21,214	21,214	-
Other Committees (Under \$5,000)	4,881	4,881	-
Total Committees	13,496,428	11,337,584	2,158,844

Allied Pilots Association

Special-Purpose Schedule of Chargeable and Nonchargeable Expenses

Year ended June 30, 2023

	Total Expenses	Chargeable Expenses	Nonchargeable Expenses
Ad Hoc Committees			
APA/ALPA Exploratory	\$ 458,863	\$ 458,863	\$ -
E & FA Advisory	388,347	388,347	-
Grievance Resolution	204,894	204,894	-
Investor Relations	86,751	86,751	-
Maint & Tech Analysis	210,404	210,404	-
Northeast Alliance Monitoring	27,605	27,605	-
Operational, Comm, Cyber Sec.	65,966	65,966	-
Other Ad Hoc committees (under \$5,000)	16	16	-
Total Ad Hoc Committees	1,442,846	1,442,846	-
General and Administrative Expenses			
Departmental expenses:			
Accounting	1,145,686	1,020,766	124,920
Administration	1,151,745	1,151,745	-
Benefits	905,658	429,113	476,545
Contract administration	1,416,727	1,416,727	-
Officers	964,415	903,637	60,778
IT	3,707,573	1,449,304	2,258,269
Legal	1,591,446	1,591,446	-
Negotiations	786,165	786,165	-
Print shop	725,871	725,871	-
PR/Communications	2,359,222	2,359,222	-
Safety/training/security	1,671,948	1,671,948	-
Scheduling	578,071	578,071	-
Total Departmental	17,004,527	14,084,015	2,920,512
Other			
Other employee benefits	2,579,408	2,115,654	463,754
Facility costs	1,556,834	1,301,479	255,355
Supplies	229,394	189,662	39,732
Legal fees/consultants	3,074,625	2,545,686	528,939
All other expenses	4,010,045	3,314,330	695,715
Total Other	11,450,306	9,466,811	1,983,495
Total General and Administrative Expenses	28,454,833	23,550,826	4,904,007
Total Expenses	\$ 51,001,058	\$ 43,590,622	\$ 7,410,436
Percentage of Total Expenses	100.00%	85.47%	14.53%

See accompanying notes to the special-purpose schedules of chargeable and nonchargeable expenses.

Allied Pilots Association

Notes to Special-Purpose Schedules of Chargeable and Nonchargeable Expenses

1. Summary of Significant Accounting Policies

Organization

The Allied Pilots Association (APA) is a nonprofit, unincorporated association organized to serve as the collective bargaining agent for the pilots of American Airlines Group, Inc. (American Airlines) (AAL). The APA is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(5) of the IRC. The governing powers of the APA are vested in the board of directors and the officers in accordance with the Constitution and Bylaws.

Basis of Accounting

The accompanying special-purpose schedules were prepared pursuant to the APA “Agency Fee Policy” (see Note 2) for the purpose of determining the special-purpose fair share cost of services rendered by the APA for employees represented by, but not members of APA. The accompanying special-purpose schedules are not intended to be a complete presentation of the APA’s changes in its net assets or its cash flows in accordance with U.S. generally accepted accounting principles.

Method of Accounting

The special-purpose schedules of chargeable and nonchargeable expenses have been prepared using the accrual basis of accounting, based on the descriptions in Note 2 and the significant factors and assumptions described in Note 3. Total expenses reported in the APA audited consolidated financial statements have been modified as described below to prepare the special-purpose schedule of chargeable and nonchargeable expenses.

	2024	2023
Total Expenses , as reported in the APA audited consolidated financial statements	\$ 70,503,463	\$ 63,502,897
Expenses related to APA Holding Company	(802,753)	(760,335)
Expenses related to APA Employee Relief Fund - Scholarship	(275,220)	(155,623)
Expenses related to Flight Pay Loss Recovery	(15,028,552)	(11,585,881)
Total Expenses , as reported in this special-purpose schedules	\$ 54,396,938	\$ 51,001,058

Use of Estimates

The preparation of the accompanying special-purpose schedules requires management to make estimates and assumptions that affect the reported expenses during the reporting period and the allocation of expenses between chargeable and nonchargeable. Actual results could differ from those estimates. Significant items subject to such estimates are the allocations of chargeable and nonchargeable.

Allied Pilots Association

Notes to Special-Purpose Schedules of Chargeable and Nonchargeable Expenses

2. Description of the Basis for Classifying Chargeable and Nonchargeable Expenses

The following are management's definitions set forth in the APA's "Agency Fee Policy" used for determining chargeable and nonchargeable expenses:

Chargeable Expenses - Chargeable expenses are those expenses incurred by the APA for representational activities. Representational activities are those duties that APA performs as a representative of the pilots in dealing with their employer, including collective bargaining, contract administration, grievance adjustment, and other activities chargeable to the collective bargaining process. Activities that are classified as chargeable include the following:

- Expenses relating to negotiation of all aspects of its collective bargaining agreements.
- Expenses relating to administration and enforcement of agreements, practices and working conditions (including grievance handling and dispute resolution).
- Expenses relating to APA's governance, management and association/institutional existence (including elections of officers and representatives, membership votes, meetings, communications and other APA business and social activities).
- Expenses of publications and communications relating to chargeable activities.
- Expenses of litigation and other legal proceedings relating to chargeable activities.
- Expenses of participation before legislative, executive branch and administrative forums relating to chargeable activities.
- Expenses for professionals, experts, technicians and other services in connection with chargeable activities.
- Expenses for education and training intended to prepare the participants/recipients to carry out chargeable activities.
- Expenses relating to group cohesion and economic action (including picketing, hand billing, communications, demonstrations, job actions, and other lawful union activity).

Nonchargeable Expenses - Nonchargeable expenses are those expenses incurred by the APA for the benefit and advancement of represented pilots and their union, which are not considered representational activities for nonmembers. Nonchargeable activities are those services that are ideological or political in nature and not related to collective bargaining or the employment-related interests of members; those that are exclusively for the benefit of members; and those that otherwise are not considered chargeable to representing nonmembers in the collective bargaining process. Activities that are classified as nonchargeable included the following:

- Expenses for electoral politics and political campaigns (including contributions to and support for political organizations, candidates for public office, public referenda, voter registration and get-out-the-vote activity, and political education).
- Contributions and support to charitable organizations.
- Expenses for public advertising and communications not technically "chargeable" to APA's role as collective bargaining representative for American Airlines pilots.
- Expenses for dealings with regulatory agencies and Congress over aviation and safety issues not considered "chargeable" to collective bargaining with American Airlines.

Allied Pilots Association

Notes to Special-Purpose Schedules of Chargeable and Nonchargeable Expenses

- Expenses for “members only” insurance programs and benefits.
- Portions of APA overhead, administrative and operating expenses attributable to nonchargeable activities.

3. Significant Factors and Assumptions Used in the Allocation of Expenses between Chargeable and Nonchargeable Expenses

General Methodology of Allocation

The expenses of APA are generally classified within committees and departments. Salaries and expenses of employees who work in the committees and departments have been allocated to those respective classifications. Fringe benefits, payroll taxes and other personnel-related expenses have been allocated on the basis of the related salary expense. The activities of these committees and departments have been determined to be chargeable, nonchargeable or allocated between chargeable and nonchargeable based on the descriptions in Note 2. For the expenses that are not classified within committees and departments, the purpose and nature of the expense was determined and individually allocated between chargeable and nonchargeable based upon the descriptions in Note 2. The allocation of other expenses is explained throughout Note 3.

Domiciles

Domicile expenses are 100% chargeable because they relate to the administration and enforcement of agreements, practices and working conditions under the collective bargaining agreement and to the institutional governance of APA.

Board of Directors

The governmental powers of APA are vested in its board of directors and National Officers. The board of directors exercises its governance powers through the conduct of Regular and Special Board Meetings.

Expenses for regular and special meetings were allocated between chargeable and nonchargeable expenses based on the similarity of agenda items in the current year’s meetings.

Committees

Aeromedical - This committee provides support to all American Airlines pilots and their families in times of need regardless of the situation. The type of assistance rendered will vary whether there is death, serious injury, or other serious event. The committee also provides support and technical assistance to pilots who suffer loss of Federal Aviation Administration (FAA) medical certification. The expenses of this committee are 100% chargeable.

Appeals - This committee provides support for pilot appeals. The expenses of this committee are 100% chargeable.

Benefits Review and Appeals - This committee administers benefits and appeals related to insurance programs and benefits under the APA’s Constitution and Bylaws. The expenses of this committee are 100% nonchargeable.

Allied Pilots Association

Notes to Special-Purpose Schedules of Chargeable and Nonchargeable Expenses

CADC - The Cockpit Armed Defense Committee was established to coordinate and stay current on regulatory compliance and changes for Federal Flight Deck Officers (FFDOs). The expenses of this committee are 100% nonchargeable.

CAPA - The Coalition of Airline Pilots Association is a trade association operating on a consensus basis to address issues of concern to professional airline pilots. CAPA is principally involved in dealing with regulatory agencies and Congress over aviation and safety issues. The expenses of this committee are 100% nonchargeable.

Check Airmen - This committee is tasked with coordinating and directing flight training procedures to ensure contract policy is followed. The expenses of this committee are 100% chargeable.

Communications - This committee is tasked with communicating to American Airlines pilots through a number of mediums and regarding a wide variety of chargeable issues including contract negotiations, working conditions, grievances, arbitrations, employee benefits, safety, security, training and other matters. APA has estimated that approximately 97.61% of this committee's expenses are associated with chargeable issues.

Contract Compliance - This committee concerns itself solely with management compliance with the collective bargaining agreement. The expenses of this committee are 100% chargeable.

DC Advisory - This committee relates to Defined Contributions and is tasked with resolving pension related issues. The expenses of this committee are approximately 87.50% chargeable.

Compass Project - This committee provides support to the Compass Project. The expenses of this committee are 100% chargeable.

E & FA Advisory - The Economic & Financial Analysis Committee (E&FA) shall provide the Association with timely and useful airline industry financial analysis, contract costing and comparison, and other needed analysis. The expenses of this committee are 100% chargeable.

Family Awareness - This committee is tasked with supporting the pilots of American Airlines and their families. The expenses of this committee are 100% chargeable.

Financial Audit - This committee is tasked with supporting the audit of the APA. The expenses of this committee are 100% chargeable.

Flight Time/Duty Time - This committee is tasked with contacting pilots regarding fatigue events and resolving issues associated with individual pilot fatigue events. The expenses of this committee are 100% chargeable.

Government Affairs - This committee is responsible for the coordination of government and regulatory activities that are conducted on APA's behalf. The expenses of this committee are 100% nonchargeable.

Hotel - This committee addresses issues relating to the hotels utilized by pilots in the course of their employment with American Airlines. The expenses of this committee are 100% chargeable.

Allied Pilots Association

Notes to Special-Purpose Schedules of Chargeable and Nonchargeable Expenses

International Alliance - This committee represents APA in an alliance of pilot labor unions of airlines participating in the "One World Alliance". These labor unions work together offering each other mutual support as well as in the sharing of ideas, information, and strategies in representing pilots of their respective unions. The expenses of this committee are 100% nonchargeable.

IT Steering - This committee is tasked with providing oversight of the APA's information technology efforts. The committee concerns itself with budgets, need requirements, program evaluation, and other management related functions. APA has estimated that approximately 27.49% of this committee's expenses are associated with chargeable issues.

Investor Relations - The expenses of this committee are 100% chargeable.

Joint Implementation - The expenses of this committee are 100% chargeable.

Jumpseat - The Jumpseat committee addresses pilot use of airline travel when commuting to and from work. The expenses of this committee are 100% chargeable.

Maintenance & Tech Analysis - The expenses of this committee are 100% chargeable.

Membership - This committee conducts or oversees administrative functions relating to APA membership including developing and monitoring processes of admission to membership, tracking American Airlines pilot data, providing information and support to furloughed pilots and other activities. The expenses of this committee are 100% chargeable.

Military Affairs - The Military Affairs Subcommittee represents and supports American Airlines pilots who are members of the U. S. Military and coordinates with military affairs committees of other air carriers to address national issues, while providing assistance to pilots transitioning on and off of military leave. The expenses of this committee are 100% chargeable.

Negotiations - This committee participates in collective bargaining on behalf of the pilots of American Airlines. The expenses of this committee are 100% chargeable.

Operational (formerly TASC) - The Operational Analysis committee is responsible for analyzing complex operational metrics, including but not limited to flight scheduling, manning, productivity, quality of work life, pay related issues, and other areas as may be assigned by the Scheduling Committee chair. The expenses of this committee are 100% chargeable.

Professional Standards - The professional standards committee is dedicated to establishing and maintaining the standards of pilot professionalism at American Airlines. The expenses of this committee are 100% chargeable.

Retirement & Benefits - The Retirement & Benefits committee is responsible for review of Company Pilot Retirement Benefit Programs. This committee was formerly titled the Pension committee. The expenses of this committee have been estimated to be approximately 87.50% chargeable.

Allied Pilots Association

Notes to Special-Purpose Schedules of Chargeable and Nonchargeable Expenses

Safety - This committee is responsible for improving aviation safety at American Airlines. The committee will involve itself in accident investigation matters and in any effort designed to enhance pilot safety. The committee may also advocate for safety issues with regulatory agencies and Congress. The committee's expenses are approximately 95.00% chargeable. These expenses relate to the administration and enforcement of agreements, practices and working conditions under the collective bargaining agreement. Expenses and time of committee members were examined between chargeable and nonchargeable and allocated accordingly. Nonchargeable expenses relate to advocacy efforts with regulatory agencies and Congress that are not chargeable to collective bargaining issues at American Airlines.

Scheduling (former TASC) - The Scheduling Committee (formerly Technical Analysis and Scheduling Committee) is responsible for analyzing flight crew scheduling, work rule modeling, and performing other information analysis efforts in connection with the collective bargaining agreement. The expenses of this committee are 100% chargeable.

Scope - This committee is responsible for monitoring American Airlines' compliance with "Scope" provisions of the collective bargaining agreement as well as any potential relationship between American Airlines and other entities that may impact the pilots of American Airlines. The expenses of this committee are 100% chargeable.

Security - The expenses of this committee are estimated at approximately 50.00% chargeable. These expenses relate to the implementation of security procedures to enhance the overall flight security at American Airlines. The nonchargeable expenses relate to interactions with government agencies in an effort to impact national airline security policy and procedures.

Strategic Planning - This committee provides strategic planning for the Board of Directors relating to achievement of APA collective bargaining goals. The expenses of this committee are 100% chargeable.

Strike & Tactical Ops Planning - This committee is responsible for planning, designing, and carrying out effective procedures in the case of a strike. The expenses of this committee are 100% chargeable.

System Board - This board is responsible for participating in the grievance process associated with the collective bargaining agreement. The expenses of this committee are 100% chargeable.

Training - This committee is responsible for APA's efforts to monitor, improve, and coordinate with American Airlines to provide the best possible training programs and environment for the pilots of the airline. The expenses of this committee are 100% chargeable.

Uniform - The expenses of this committee are 100% chargeable.

Miscellaneous Committees - These committees are those with total expenses less than \$5,000 and were 63.60% and 100% chargeable for the years ended June 30, 2024 and 2023, respectively.

Ad Hoc Committees

APA/ALPA Exploratory - The expenses of this committee are 100% chargeable.

Grievance Resolution - The expenses of this committee are 100% chargeable.

Allied Pilots Association

Notes to Special-Purpose Schedules of Chargeable and Nonchargeable Expenses

Internal Comm. Improv. - The expenses of this committee are 97.61% chargeable.

Medical Cert Working Group - The expenses of this committee are 100% chargeable.

National Governance & Reform - The expenses of this committee are 100% chargeable.

Northeast Alliance Monitoring - The expenses of this committee are 100% chargeable.

Operational, Comm, Cyber Sec. - The expenses of this committee are 100% chargeable.

Seniority Merger & Retirement SMART - The expenses of this committee are 100% chargeable.

Other Ad Hoc Committees - These committees are those with total expenses less than \$5,000 and are 100% chargeable.

Departmental Expenses

Accounting - This department performs a range of general accounting and finance-related functions for APA. The duties and the amount of time each member of the department spent on their duties were reviewed. Each duty was analyzed to determine whether it was a chargeable or nonchargeable activity. The expenses of this department are approximately 91.49% chargeable.

Based on this analysis, a percentage of time spent on chargeable and nonchargeable activities was determined for each staff member. This percentage was applied to each staff member's payroll expenses and to the benefits costs of this department's staff.

Administration - This department performs a range of administrative functions relating to APA's governance, management and institutional existence. Included in the functions are: secretarial support, receptionist activities, building management, pilot database management, union elections and other required functions. The staff payroll and benefits of this group are 100% chargeable as the staff's activities provide the infrastructure necessary to deliver chargeable activities.

Benefits - The staff of this department performs a range of benefit services for both members and nonmembers of APA. The duties and the amount of time each member of the department spent on their duties were reviewed. Each duty was analyzed to determine whether it was a chargeable or nonchargeable activity. Based on this analysis, a percentage of time spent on chargeable or nonchargeable activities was determined for each staff member. This percentage was applied to each staff member's payroll expenses and to the benefits costs of this department's staff. The expenses of this department are approximately 49.89% chargeable.

Contract Administration - The Contract Administration staff is devoted solely to assisting the pilots of American Airlines with issues concerning the collective bargaining agreement.

The staff payroll and benefit expenses of this group are 100% chargeable and relate to the administration and enforcement of agreements, practices and working conditions (including grievance handling and dispute resolution).

Allied Pilots Association

Notes to Special-Purpose Schedules of Chargeable and Nonchargeable Expenses

Officers - The President, Vice President, Secretary, and Treasurer provide a wide range of leadership, management, and advocacy functions on behalf of APA.

The activities and the amount of time spent on these activities of the Officers were examined for a representative time period. Each activity was analyzed to determine whether it was a chargeable or nonchargeable activity. This percentage was applied to each of the Officers payroll expenses. Based on this analysis, a percentage of time spent on chargeable and nonchargeable activities was determined for each of the Officers and to the benefits costs of the Officers. The expenses of this group are 93.61% chargeable.

IT - The IT Department is responsible for providing Information Technology related services to APA.

The duties and activities of each member of the department were reviewed. Each duty or activity was analyzed to determine whether it was a chargeable or nonchargeable activity. Based on this analysis, a percentage of time spent on chargeable and nonchargeable activities was determined for each staff member. This percentage was applied to each staff member's payroll expenses and to the benefits costs of this department's staff. The expenses of this department are 71.74% chargeable.

Legal - The Legal Department staff is devoted to assisting the pilots of American Airlines and APA with issues concerning the collective bargaining agreement.

The staff payroll and benefits expenses of this department are 100% chargeable because they relate to the administration and enforcement of agreements, practices, and working conditions (including grievance handling and dispute resolution).

Negotiations - Negotiations is 100% chargeable.

Print Shop - The Print Shop is responsible for printing letters, magazines, bulletins, post cards, and other materials as part of APA's communication effort.

The duties and activities of each member of the department were reviewed. Each duty or activity was analyzed to determine whether it was a chargeable or nonchargeable activity. Based on this analysis, a percentage of time spent on chargeable and nonchargeable activities was determined for each staff member. This percentage was applied to each staff member's payroll expenses and to the benefits costs of this department's staff. The expenses of this department are 100% chargeable.

PR/Communications - The Communications Department is responsible for a variety of communications activity directed to the pilots of American Airlines, the general public, the government financial institutions and American Airlines.

The duties and activities of each member of the department were reviewed. Each duty or activity was analyzed to determine whether it was a chargeable or nonchargeable activity. Based on this analysis, a percentage of time spent on chargeable and nonchargeable activities was determined for each staff member. This percentage was applied to each staff member's payroll expenses and to the benefits cost of this department's staff. The expenses of this group are 100% chargeable.

Allied Pilots Association

Notes to Special-Purpose Schedules of Chargeable and Nonchargeable Expenses

Safety/Training/Security - This department is responsible for activities relating to the Safety, Security, and Training of American Airline's pilots. The department also addresses pilot aeromedical issues.

The duties and activities of the department were analyzed to determine whether it related to a chargeable or nonchargeable activity and this percentage was applied to the department's staff payroll expenses and to the staff's benefits costs. The expenses of this department are 100% chargeable.

Scheduling - This department is responsible for scheduling of American Airline's pilots.

The duties and activities of the department were analyzed to determine whether it related to a chargeable or nonchargeable activity and this percentage was applied to the department's staff payroll expenses and to the staff's benefits costs. The expenses of this department are 100% chargeable.

Other Expenses

Other Employee Benefits - This category of expense represents payroll and benefit-related costs that are not distributed to the individual departments. The weighted average percentage of all staff chargeable and nonchargeable activities was used to determine the amount of this cost attributed to chargeable activities and nonchargeable activities.

Facility Costs - This category of expense represents primarily rent, utilities, telephone and facility maintenance costs. Allocations of these expenses were based on internal records maintained by employees, and the weighted average percentage of all department costs was used to determine the amount of this cost attributed to chargeable and nonchargeable activities.

Supplies - This category of expense represents primarily office, computer, and kitchen supplies. Allocations of these expenses were based on internal records maintained by employees, and the weighted average percentage of all department costs was used to determine the amount of this cost attributed to chargeable and nonchargeable activities.

Legal/Consultant Fees - This category of expense represents fees paid for outside legal representation. The legal billings from the period of July 2023 to June 2024 were reviewed by management to determine whether it was chargeable or nonchargeable, and the expenses associated with each case were allocated in that basis, applied to the full year. The subject matter of each consultant's work was evaluated to determine whether it was chargeable or nonchargeable, and the expenses associated with each service were allocated on that basis.

Roadshow - This category of expenses represents expenses related to domicile roadshows conducted by the Negotiating Committee and are 100% chargeable.

All Other Expenses - This category includes all other nonspecific activities. The subject matter of individual expenses has been reviewed by management to determine whether it is chargeable or nonchargeable.

Allied Pilots Association

Notes to Special-Purpose Schedules of Chargeable and Nonchargeable Expenses

4. Subsequent Events

APA has evaluated subsequent events from June 30, 2024 through October 4, 2024, the date at which the special-purpose schedules were available to be issued and determined there are no other items to disclose.