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**CANADIAN AVIATION HISTORICAL SOCIETY**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

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# CANADIAN AVIATION HISTORICAL SOCIETY

DECEMBER 31, 2017

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## **INDEPENDENT AUDITORS' REPORT**

To the Directors of the  
CANADIAN AVIATION HISTORICAL SOCIETY

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Canadian Aviation Historical Society, which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Canada, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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**Basis for Qualified Opinion**

In common with many charitable organizations, Canadian Aviation Historical Society derives revenue from donations, memberships and miscellaneous fundraising sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donations, memberships and miscellaneous revenue, excess of revenue over expenditures, current assets and net assets.

**Qualified opinion**

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph the financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles general accepted in Canada. As required by the Canada Corporations Act, we report that in our opinion these principles have been applied on a basis consistent with that of the preceding year.



Rheaume Williams Kalbfleisch, LLP  
Chartered Professional Accountants, Chartered Accountants  
Licensed Public Accountants

Ottawa, Ontario  
May 31, 2018

**CANADIAN AVIATION HISTORICAL SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**

<b>As at December 31,</b>	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash (Note 3)	\$ 114,661	\$ 60,980
Short term investments (Note 3)	3,584	40,956
Accounts receivable	5,073	4,568
Prepays	1,737	1,737
	<u>\$ 125,055</u>	<u>\$ 108,241</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued charges	\$ 10,152	\$ 7,034
Funds held in trust	11,305	12,805
Deferred membership fees (Note 4)	6,388	7,101
	<u>27,845</u>	<u>26,940</u>
<b>NET ASSETS</b>		
Unrestricted	97,210	81,301
	<u>\$ 125,055</u>	<u>\$ 108,241</u>

**On behalf of the Board:**

 Treasurer

See accompanying notes to the financial statements

# CANADIAN AVIATION HISTORICAL SOCIETY

## STATEMENT OF OPERATIONS

For the year ended December 31			2017	2016
	National	Branches	Total	Total
<b>REVENUE</b>				
Memberships	\$ 25,461	\$ 8,277	\$ 33,738	\$ 33,378
Donations	12,449	21,016	33,465	19,535
Annual Convention	11,700	-	11,700	21,102
Miscellaneous	4,341	792	5,133	4,635
Fundraising	2,996	3,391	6,387	4,009
Publication sales	2,289	1,271	3,560	1,529
Exchange gains (losses)	-	(159)	(159)	647
Interest revenue	2,836	14	2,850	279
	62,072	34,602	96,674	85,114
<b>EXPENDITURES</b>				
Audit	5,811	-	5,811	5,085
Bank charges	1,425	179	1,604	867
Computers and website service	1,593	-	1,593	3,034
Conventions	8,825	50	8,875	16,871
Fundraising costs	1,651	565	2,216	2,184
Community grants and donations	-	4,297	4,297	3,080
Insurance	3,743	-	3,743	3,673
Legal and accounting	179	-	179	-
Office and administration	837	7,054	7,891	6,696
Postage	6,400	987	7,387	7,742
Rent	1,772	1,558	3,330	3,000
Telephone	380	-	380	158
Travel	-	-	-	-
Printing	27,168	6,291	33,459	28,510
	59,784	20,981	80,765	80,900
<b>NET REVENUE</b>	\$ 2,288	\$ 13,621	\$ 15,909	\$ 4,214

See accompanying notes to the financial statements

# CANADIAN AVIATION HISTORICAL SOCIETY

## STATEMENT OF CASH FLOWS

<b>For the year ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>CASH PROVIDED BY (USED IN) OPERATIONS</b>		
Net revenue	\$ 15,909	\$ 4,214
Changes in non-cash working capital balances		
Accounts receivable	(505)	5,993
Prepaid expenses	-	(70)
Accounts payable and accrued liabilities	3,118	2,263
Funds held in trust	(1,500)	(500)
Deferred revenue	(713)	3,028
	<u>16,309</u>	<u>14,928</u>
<b>INCREASE IN CASH</b>	16,309	14,928
<b>CASH, beginning of year</b>	101,936	87,008
<b>CASH, end of year</b>	<u>\$ 118,245</u>	<u>\$ 101,936</u>
<b>CONSISTING OF:</b>		
Cash	\$ 114,661	\$ 60,980
Short term investments	3,584	40,956
	<u>\$ 118,245</u>	<u>\$ 101,936</u>

## STATEMENT OF CHANGE IN NET ASSETS

<b>For the year ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>UNRESTRICTED NET ASSETS, beginning of year</b>	81,301	77,087
Net revenue	15,909	4,214
<b>UNRESTRICTED NET ASSETS, end of year</b>	<u>\$ 97,210</u>	<u>\$ 81,301</u>

See accompanying notes to the financial statements

# CANADIAN AVIATION HISTORICAL SOCIETY

## NOTES TO FINANCIAL STATEMENTS

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December 31, 2017

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The Canadian Aviation Historical Society is a not for profit organization within the meaning of the Income Tax Act (Canada). The organization is able to issue tax creditable receipts under Canada Revenue Agency registration number 11882 9589 RR0001 and is exempt from income taxes. The organization is dedicated to the preservation of Canada's flying heritage, to support and encourage research into Canadian aeronautical history, to foster the collection and dissemination of knowledge.

### 1. ACCOUNTING POLICIES

#### (a) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires the organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the organization's best estimates, as additional information becomes available in the future..

#### (b) Revenue recognition

The organization follows the deferral method of accounting, membership revenue is recognized in the year for which the fees were intended.

Revenue from donations, annual convention, miscellaneous, fundraising, publication sales and interest are recognized on a cash basis.

#### (c) Capital assets

Capital assets are expensed in the year of acquisition.

#### (d) Publication costs

All costs associated with the publication the Canadian Aviation Historical Society Journal are expensed in the year they are incurred.

#### (e) Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable and investments.

Financial liabilities measured at amortized cost include accounts payable.



# CANADIAN AVIATION HISTORICAL SOCIETY

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

### 2. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments.

#### Credit risk

The organizations accounts receivable consist of HST rebates recoverable. The organization is not exposed to any credit risks.

#### Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of delay in realizing the fair value of financial instruments.

The assets of the organization can be readily converted into cash. The liabilities of the organization are limited to accounts payable. The organization's liquidity risk is low.

#### Interest rate risk

The organization is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed rate instruments subject the organization to a fair value risk. The risk associated with the investments is reduced to a minimum since these assets are short term in nature and are secured by a chartered Canadian banking institution.

#### Other price risk

The market risk associated with the short term investments is low as the investment is in the form of a Guaranteed Investment Certificate - term deposit.

### 3. SHORT TERM INVESTMENTS

	2017	2016
<b>Short term investments</b>		
RBC, 0.5% Cashable GIC, due December 30, 2018	\$ 3,584	\$ 3,566
TD Canada Trust, .67% GIC, due December 15, 2017	-	37,390
	\$ 3,584	\$ 40,956

The TD Canada Trust, .67% GIC, which came due December 15, 2017, was cashed in. These funds were not re-invested until January 2018. The amount received from TD Canada Trust totalling \$40,207.00 is included in cash.

# CANADIAN AVIATION HISTORICAL SOCIETY

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

### 4. DEFERRED NATIONAL MEMBERSHIPS FEES

Deferred membership fees beginning of year	Memberships received during year	Memberships applied to current year	Deferred membership fees end of year
\$ 7,101	\$ 24,748	\$ 25,461	\$ 6,388