
Canadian Aviation Historical Society

FINANCIAL STATEMENTS

DECEMBER 31, 2009

RENEAUME
WILLIAMS
KALBFLOCH



AUDITORS' REPORT

To the Members of
Canadian Aviation Historical Society

We have audited the statement of financial position of Canadian Aviation Historical Society as at December 31, 2009 and the statements of operations, cash flows and change in net assets for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with similar organizations Canadian Aviation Historical Society, derives revenue from the general public in the form of donations, memberships and fundraising events, the completeness of which is not susceptible of 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 fundraising events, net revenue (expenditures), current assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to extend the audit procedures referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. 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.

Ottawa, Ontario
June 20, 2011


Rheaume Williams Kalbfleisch, LLP
Chartered Accountants, Licensed Public Accountants

CANADIAN AVIATION HISTORICAL SOCIETY

STATEMENT OF FINANCIAL POSITION

As at December 31,	2009	2008
		(Unaudited)
ASSETS		
CURRENT ASSETS		
Cash	\$ 67,874	\$ 51,328
Short term investments (Note 4)	33,569	73,816
Accounts receivable	2,793	1,877
	\$ 104,236	\$ 127,021
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued charges	\$ 3,400	\$ 1,811
Funds held in trust	12,175	14,575
Deferred revenue (Note5)	12,900	2,314
	28,475	18,700
NET ASSETS		
Unrestricted	75,761	108,321
	\$ 104,236	\$ 127,021

On behalf of the Board:

 Director _____ Director

See accompanying notes to the financial statements

CANADIAN AVIATION HISTORICAL SOCIETY

STATEMENT OF OPERATIONS

For the year ended December 31		2009		2008	
	National	Branches	Total	Total	(Unaudited)
REVENUE					
Memberships	\$ 42,229	\$ 15,383	\$ 57,612	\$ 56,560	
Donations	22,886	6,666	29,552	28,683	
Annual Convention	4,030	-	4,030	13,962	
Miscellaneous	12,613	7,605	20,218	9,868	
	81,758	29,654	111,412	109,073	
EXPENDITURES					
Audit	3,400	-	3,400	-	
Computers and website service	4,353	7,025	11,378	3,099	
Conventions and meetings	4,165	3,435	7,600	17,077	
Grants and donations	5,985	21,077	27,062	3,350	
Insurance	3,272	-	3,272	2,765	
Legal and accounting	3,350	296	3,646	31,477	
Office and administration	11,601	6,197	17,798	15,145	
Postage	10,400	4,996	15,396	8,993	
Rent	-	1,774	1,774	4,005	
Telephone	65	-	65	405	
Vehicle	1,045	-	1,045	3,146	
Printing	36,344	15,192	51,536	27,636	
	83,980	59,992	143,972	117,098	
NET REVENUE					
(EXPENDITURES)	\$ (2,222)	\$ (30,338)	\$ (32,560)	\$ (8,025)	

See accompanying notes to the financial statements

CANADIAN AVIATION HISTORICAL SOCIETY

STATEMENT OF CASH FLOWS

For the year ended December 31	2009	2008
		(Unaudited)
CASH PROVIDED BY (USED IN) OPERATIONS		
Net revenue (expenditures)	\$ (32,560)	\$ (8,025)
Changes in non-cash working capital balances		
Accounts receivable	(916)	(824)
Prepaid expenses	-	200
Accounts payable and accrued liabilities	1,589	(4,682)
Funds held in trust	(2,400)	(950)
Deferred revenue	10,586	(14,780)
	(23,701)	(29,061)
INCREASE (DECREASE) IN CASH	(23,701)	(29,061)
CASH, beginning of year	125,144	154,205
CASH, end of year	\$ 101,443	\$ 125,144
CONSISTING OF:		
Cash	\$ 67,874	\$ 51,328
Short term investments	33,569	73,816
	\$ 101,443	\$ 125,144

See accompanying notes to the financial statements

CANADIAN AVIATION HISTORICAL SOCIETY

STATEMENT OF CHANGE IN NET ASSETS

For the year ended December 31	2009	2008 (Unaudited)
NET ASSETS, beginning of year as previously reported	\$ 128,780	\$ 133,347
Correction of prior years errors (Note 6)	(20,459)	(17,001)
NET ASSETS, beginning of year as restated	108,321	116,346
Net revenue (expenditures)	(32,560)	(8,025)
NET ASSETS, end of year	\$ 75,761	\$ 108,321

See accompanying notes to the financial statements

CANADIAN AVIATION HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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) Basis of presentation:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

(b) Revenue recognition:

The organization follows the deferral method of accounting, revenue is recognized in the year in which the related expenses are incurred.

Donations are recognized in the year they are received.

Investment revenue includes interest income and realized and unrealized gains and losses. Unrealized gains and losses on held for trading financial assets are included in investment income and recognized as revenue in the statement of operations.

(c) Investments:

Investments classified as held for trading are recorded at fair market value.

Fair value of securities are determined by reference to published price quotations in an active market at year-end.

The purchase and sale of investments are accounted for using settlement date accounting.

(d) Capital assets:

Capital assets are expensed in the year of acquisition.

(e) Publication costs:

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

CANADIAN AVIATION HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

2. FINANCIAL INSTRUMENTS:

The Canadian Aviation Historical Society's financial instruments consist of cash, short term investments, accounts receivable and accounts payable. The book values of accounts receivable and accounts payable approximate fair values due to their short-term nature.

The organization does not enter into any derivative financial instrument arrangements for hedging or speculative purposes.

Unless otherwise noted, it is management's opinion that The Canadian Aviation Historical Society, is not exposed to significant interest, currency or credit risks arising from these financial instruments.

3. CAPITAL DISCLOSURES:

The organization defines its capital as its unrestricted net assets which are not subject to external requirements. The organization's objectives with respect to managing capital are to hold sufficient unrestricted net assets to fund ongoing operations. The organization monitors its capital requirements and objectives through its budgeting process and its financial statement review process.

4. SHORT TERM INVESTMENTS:

	2009	2008
Short term investments (held for trading)		
TD Canada Trust, 1.6% GIC - term deposits		
Due October 11, 2011 (2009 - October 9, 2009)	\$ 33,569	\$ 73,816

5. DEFERRED REVENUE:

	Deferred revenue beginning of year	Amounts received during year	Amounts applied to current year	Deferred revenue end of year
	\$ 2,314	\$ 52,815	\$ 42,229	\$ 12,900

6. ERROR CORRECTION

The prior year figures were not audited, and included capitalized publication costs (inventory) and capital assets. In order to properly reflect the accounting policies described in Note 1, amortization and publishing costs for the year ended December 31, 2008 and the balance of inventory, capital assets and unrestricted net assets as at December 31, 2008 have been adjusted accordingly.

7. COMPARATIVE FIGURES

Certain comparative figures (unaudited) have been reclassified to conform with the financial statement presentation adopted in the current year.



January 12, 2011

Board of Directors
The Canadian Aviation Historical Society
National Headquarters
Ottawa, ON K1P 5W7

Dear members of the board:

We have been engaged to audit the financial statements of The Canadian Aviation Historical Society for the year ending December-31-09. Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the company and ourselves that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, the standards require us to consider relevant rules and related interpretations prescribed by the Institute of Chartered Accountants of Ontario and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) Economic dependence on a client; and
- (e) Provision of services in addition to the audit engagement.

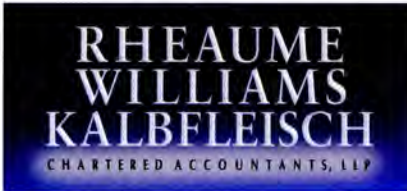
We are not aware of any relationships between the The Canadian Aviation Historical Society and ourselves that, in our professional judgment, may reasonably be thought to bear on our independence, that have occurred from January 1, 2009 to December 31, 2009.

Canadian generally accepted standards for audit engagements requires that we confirm our independence to management or persons having oversight responsibility for the financial reporting process in the context of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario. Accordingly, we hereby confirm that we are independent with respect to the company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario as of December 31, 2009.

This report is intended solely for the use of the, board of directors, management and others within the The Canadian Aviation Historical Society and should not be used for any other purposes.

Yours truly,
Rheume Williams Kalbfleisch

Per:  Title: Partner Date: February 4, 2011
Robert Kalbfleisch



December 15, 2010

Rachel Lea Heide, Treasurer
The Canadian Aviation Historical Society
National Headquarters
PO Box 2700 Station D
Ottawa, ON K1P 5W7

Dear Rachel Lea

The purpose of this letter is to outline the terms of our engagement to audit the financial statements of The Canadian Aviation Historical Society for the year ended December 31, 2009.

Objective, scope and limitations

Our statutory function as auditors of The Canadian Aviation Historical Society is to report to the members by expressing an opinion on The Canadian Aviation Historical Society's annual financial statements. We will conduct our audit in accordance with Canadian generally accepted auditing standards and will issue an audit report.

An auditor conducting an audit in accordance with Canadian generally accepted auditing standards obtains reasonable assurance that the financial statements taken as a whole are free of material misstatement, whether caused by fraud or error. It is important to recognize that an auditor cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of:

- (a) factors such as use of judgment, and the use of testing of the data underlying the financial statements;
- (b) inherent limitations of internal control; and
- (c) the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature.

Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. Further, while effective internal control reduces the likelihood that misstatements will occur and remain undetected, it does not eliminate that possibility. For these reasons, we cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards.

Unless unanticipated difficulties are encountered, our report will be substantially in the following form: .

Auditors' Report

To the Members of:
The Canadian Aviation Historical Society

We have audited the statement of financial position of The Canadian Aviation Historical Society as at December 31, 2009 and the statement of operations and changes in net assets and the statement of cash flows for the year then ended. These financial statements are the responsibility of the organizations management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

In common with many not for profit organizations The Canadian Aviation Historical Society derives revenue from memberships, donations and other fundraising activities the completeness of which is not susceptible of 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 membership fees, donations, miscellaneous revenues, excess of expenditures over revenues, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue sources referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the association as at December 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. 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.

Ottawa, Ontario
Date

Rheaume Williams Kalbfleisch L.L.P
Chartered Accountants, Licensed Public Accountants

Our responsibilities

We will perform the audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles. Accordingly, we will plan and perform our audit to provide reasonable, but not absolute, assurance of detecting fraud and errors that have a material effect on the financial statements taken as a whole, including illegal acts whose consequences have a material effect on the financial statements.

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Accordingly, except for information that is in or enters the public domain, we will not provide any third party with confidential information concerning the affairs of The Canadian Aviation Historical Society without The Canadian Aviation Historical Society's prior consent, unless required to do so by legal authority, or the rules of professional conduct / code of ethics of The Institute of Chartered Accountants of Ontario.

We will communicate in writing to the executive director the relationships between us and The Canadian Aviation Historical Society that, in our professional judgment, may reasonably be thought to bear on our independence. Further, we will confirm our independence with respect to The Canadian Aviation Historical Society.

The objective of our audit is to obtain reasonable assurance that the financial statements are free of material misstatement. However, if we identify any of the following matters, they will be communicated to the appropriate level of management:

- (a) misstatements, resulting from error, other than trivial errors;
- (b) fraud or any information obtained that indicates that a fraud may exist;
- (c) any evidence obtained that indicates that an illegal or possibly illegal act, other than one considered inconsequential, has occurred;
- (d) significant weaknesses in the design or implementation of internal control to prevent and detect fraud or error; and
- (e) related party transactions identified by us that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure.

The matters communicated will be those that we identify during the course of our audit. Audits do not usually identify all matters that may be of interest to management in discharging its responsibilities. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed.

We will consider The Canadian Aviation Historical Society's internal control to identify types of potential misstatements, consider factors that affect the risks of material misstatement, and design the nature, timing and extent of further audit procedures. This consideration will not be sufficient to enable us to render an opinion on the effectiveness of internal control over financial reporting.

Management's responsibilities

Management is responsible for:

Financial statements

- (a) the preparation and fair presentation of The Canadian Aviation Historical Society's financial statements in accordance with Canadian generally accepted accounting principles;

Completeness of information

- (b) providing us with and making available complete financial records and related data, and copies of all minutes of meetings of members, directors and committees of directors;
- (c) providing us with information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements;
- (d) providing us with information relating to any illegal or possibly illegal acts, and all facts related thereto;
- (e) providing us with information regarding all related parties and related party transactions;

Fraud and error

- (f) the design and implementation of internal control to prevent and detect fraud and error;
- (g) an assessment of the risk that the financial statements may be materially misstated as a result of fraud;

- (h) providing me with information relating to fraud or suspected fraud affecting the entity involving:
 - (i) management;
 - (ii) employees who have significant roles in internal control; or
 - (iii) others, where the fraud could have a non-trivial effect on the financial statements;
- (i) providing us with information relating to any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others;
- (j) communicating its belief that the effects of any uncorrected financial statements misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole;

Recognition, measurement and disclosure

- (k) providing us with its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the financial statements;
- (l) providing us with any plans or intentions that may affect the carrying value or classification of assets or liabilities;
- (m) providing us with information relating to the measurement and disclosure of transactions with related parties;
- (n) providing us with an assessment of all areas of measurement uncertainty known to management that are required to be disclosed in accordance with *MEASUREMENT UNCERTAINTY, CICA HANDBOOK – ACCOUNTING Section 1508*;
- (o) providing us with information relating to claims and possible claims, whether or not they have been discussed with Client Limited's legal counsel;
- (p) providing us with information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which The Canadian Aviation Historical Society is contingently liable;
- (q) providing us with information on whether The Canadian Aviation Historical Society has satisfactory title to assets, liens or encumbrances on assets exist, or assets are pledged as collateral;
- (r) providing us with information relating to compliance with aspects of contractual agreements that may affect the financial statements;
- (s) providing us with information concerning subsequent events; and

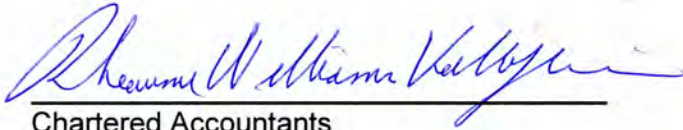
Written confirmation of significant representations

- (t) providing us with written confirmation of significant representations provided to us during the engagement on matters that are:
 - (i) directly related to items that are material, either individually or in the aggregate, to the financial statements;
 - (ii) not directly related to items that are material to the financial statements but are significant, either individually or in the aggregate, to the engagement; and
 - (iii) relevant to your judgments or estimates that are material, either individually or in the aggregate, to the financial statements.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements and if the above terms are acceptable to you, please sign the copy of this letter in the space provided and return it to us. We appreciate the opportunity of continuing to be of service to your company.

Yours truly,

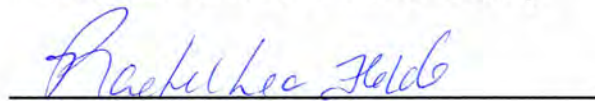
Rheume Williams Kalbfleisch



Chartered Accountants

ACKNOWLEDGED:

The Canadian Aviation Historical Society



Rachel Lea Heide, Treasurer
December 15, 2010

January 12, 2011

Board of Directors
The Canadian Aviation Historical Society
PO Box 2700 Station D
Ottawa, ON K1P 5W7

Attention: Rachel Lea Heide

Dear Ms. Heide

Prior to completion of our audit of The Canadian Aviation Historical Society for the fiscal year ending December 31, 2009, Canadian generally accepted auditing standards ("GASS") require us to communicate the following with you: the audit and non audit services we will provide, the level of responsibility we assume under GAAS and a summary of our audit approach.

We have attached two copies of our engagement letter; one copy should be signed by the treasurer and returned to our office. The information contained in the engagement letter outlines the services we will perform, as well as our responsibilities under GAAS.

Our audit approach will include the following aspects:

Audit risk

Based on our initial assessment, we consider the audit risk for the engagement as moderate. The considerations leading up to this assessment are as follows:

- The low number of transactions
- The low number of staff involved with the day to day financial activities.

Materiality level

We have based our materiality on 2% of expenditures which is consistent with the guidance on materiality provided by the Canadian Institute of Chartered Accountants (CICA).

Internal controls and general audit approach

We have conducted a preliminary assessment of internal controls. Due to the type of transactions occurring and limited segregation of duties, we have decided not to rely on any controls and to use various substantive and analytical review procedures to provide assurance with respect to the applicable audit assertions.

Areas having a high risk of misstatement

In determining the nature, extent and timing of our audit procedures, we will focus our attention on the financial statement items that could give rise to a material error. We will also focus on material items, such as donations and material expenditures to ensure that amounts are properly accounted for.

If you feel there are any other areas that deserve special attention, we would be pleased to discuss them with you.

Communication of matters arising from the audit

We will communicate with the treasurer and board during the course of the audit if circumstances dictate the necessity.

Should you have any questions on these or any other matters, please do not hesitate to contact us.

Yours very truly,
Rheume Williams Kalbfleisch

A handwritten signature in blue ink, appearing to read 'Robert Kalbfleisch', with a long, sweeping horizontal line extending to the right.

Robert Kalbfleisch, CA