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**CANADIAN AVIATION HISTORICAL SOCIETY**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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# **CANADIAN AVIATION HISTORICAL SOCIETY**

DECEMBER 31, 2019

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## **INDEPENDENT AUDITORS' REPORT**

To the Directors of the  
Canadian Aviation Historical Society

Report on the Audit of the Financial Statements

### **Qualified opinion**

We have audited the accompanying financial statements of Canadian Aviation Historical Society, which comprise the statement of financial position as at December 31, 2019 and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Canadian Aviation Historical Society as at December 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations. 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.

### **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 Canadian Aviation Historical Society and we were not able to determine whether any adjustments might be necessary to donations, memberships and miscellaneous revenue, excess of revenue over expenditures and cash flows from operations for the years ended December 31, 2019 and 2018, and current assets and net assets as at January 1 and December 31 for both 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of the scope limitation

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Canadian Aviation Historical Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Responsibilities of Management and Those Charged with Governance for the Financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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.

In preparing the financial statements, management is responsible for the assessing the Canadian Aviation Historical Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Canadian Aviation Historical Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Canadian Aviation Historical Society's financial reporting process.

**Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 Canadian Aviation Historical Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**Auditors' Responsibility for the Audit of the Financial Statements cont'd**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Canadian Aviation Historical Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Canadian Aviation Historical Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ottawa, Ontario  
June 13, 2020

*Rheume Williams Kalbfleisch*

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

# CANADIAN AVIATION HISTORICAL SOCIETY

## STATEMENT OF FINANCIAL POSITION

As at December 31,	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 67,454	\$ 67,550
Short term investments (Note 3)	41,789	42,080
Accounts receivable	5,151	4,681
Prepays	2,684	1,934
	<b>\$ 117,078</b>	<b>\$ 116,245</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued charges	\$ 7,042	\$ 6,402
Funds held in trust	9,824	10,824
Deferred membership fees (Note 4)	6,521	4,862
	<b>23,387</b>	<b>22,088</b>
<b>NET ASSETS</b>		
Unrestricted	93,691	94,157
	<b>\$ 117,078</b>	<b>\$ 116,245</b>

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				2019	2018
	National	Branches		Total	Total
<b>REVENUE</b>					
Memberships	\$ 23,511	\$ 9,212		\$ 32,723	\$ 31,779
Donations	13,013	10,107		23,120	14,196
Annual Convention	16,947	936		17,883	24,207
Miscellaneous	4,272	878		5,150	4,684
Fundraising	3,352	4,543		7,895	5,711
Publication sales	1,063	706		1,769	2,367
Exchange gains (losses)	-	(125)		(125)	212
Interest revenue	716	95		811	734
	62,874	26,352		89,226	83,890
<b>EXPENDITURES</b>					
Audit	6,150	-		6,150	5,650
Bank charges	1,306	292		1,598	1,206
Computers and website service	6,270	904		7,174	6,726
Conventions	12,141	1,372		13,513	24,743
Fundraising costs	2,253	474		2,727	2,879
Community grants and donations	1,100	3,946		5,046	4,700
Insurance	3,989	-		3,989	3,763
Legal and accounting	3,026	-		3,026	-
Office and administration	752	7,148		7,900	5,664
Postage	6,492	935		7,427	7,324
Rent	1,864	2,007		3,871	2,933
Telephone	189	-		189	237
Travel	-	325		325	-
Printing	21,537	5,220		26,757	21,118
	67,069	22,623		89,692	86,943
<b>NET REVENUE</b>					
<b>(EXPENDITURES)</b>	<b>\$ (4,195)</b>	<b>\$ 3,729</b>		<b>\$ (466)</b>	<b>\$ (3,053)</b>

See accompanying notes to the financial statements

# CANADIAN AVIATION HISTORICAL SOCIETY

## STATEMENT OF CASH FLOWS

For the year ended December 31	2019	2018
<b>CASH PROVIDED BY (USED IN) OPERATIONS</b>		
Net revenue	\$ (466)	\$ (3,053)
Changes in non-cash working capital balances		
Accounts receivable	(470)	392
Prepaid expenses	(750)	(197)
Accounts payable and accrued liabilities	640	(3,750)
Funds held in trust	(1,000)	(481)
Deferred revenue	1,659	(1,526)
	(387)	(8,615)
<b>INCREASE (DECREASE) IN CASH</b>	(387)	(8,615)
<b>CASH, beginning of year</b>	109,630	118,245
<b>CASH, end of year</b>	\$ 109,243	\$ 109,630
<b>CONSISTING OF:</b>		
Cash	\$ 67,454	\$ 67,550
Short term investments	41,789	42,080
	\$ 109,243	\$ 109,630

## STATEMENT OF CHANGE IN NET ASSETS

For the year ended December 31	2019	2018
<b>UNRESTRICTED NET ASSETS, beginning of year</b>	94,157	97,210
Net revenue (expenditures)	(466)	(3,053)
<b>UNRESTRICTED NET ASSETS, end of year</b>	\$ 93,691	\$ 94,157

See accompanying notes to the financial statements



# CANADIAN AVIATION HISTORICAL SOCIETY

## NOTES TO FINANCIAL STATEMENTS

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December 31, 2019

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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, 2019

### 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

	2019	2018
<b>Short term investments</b>		
RBC, 1.45% Non-redeemable GIC, due January 4, 2020	\$ 2,132	\$ 3,100
RBC, 2.0% Non-redeemable GIC, due February 5, 2020	6,290	6,177
RBC, 1.65% Cashable GIC, due February 5, 2020	11,899	11,721
RBC, 2.0% Non-redeemable GIC, February 5, 2020	21,468	21,082
	\$ 41,789	\$ 42,080

# CANADIAN AVIATION HISTORICAL SOCIETY

## NOTES TO FINANCIAL STATEMENTS

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December 31, 2019

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### 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
\$ 3,336	\$ 26,646	\$ 23,511	\$ 6,471

### 5. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout Canada. On March 17, 2020 the Premier of Ontario declared a health emergency and issued an order to close all nonessential businesses until further notice. While the organization expects this matter to somewhat negatively impact its results of operations, cash flows and financial position for 2020, the related impact cannot be reasonably estimated at this time.