

CANADIAN AVIATION HISTORICAL SOCIETY

Financial Statements

Year Ended December 31, 2022

CANADIAN AVIATION HISTORICAL SOCIETY

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Canadian Aviation Historical Society

Qualified Opinion

We have audited the financial statements of Canadian Aviation Historical Society (the Organization), which comprise the statement of financial position as at December 31, 2022, and the statements of revenues and expenses, changes in net assets and 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 possible effects 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 Organization as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations, memberships and miscellaneous fundraising sources, 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 contributions, excess of revenues over expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation of scope.

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 Organization in accordance with 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 the financial statements in accordance with ASNPO, 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 assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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 the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 the Organization'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 our auditor's report. However, future events or conditions may cause the Organization 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 21, 2023

Leslie & MacLeod

Leslie & MacLeod, Chartered Professional Accountants
(A Professional Corporation)

Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario

CANADIAN AVIATION HISTORICAL SOCIETY

Statement of Financial Position

December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 153,341	\$ 104,617
Accounts receivable	207	-
Short term investments <i>(Note 3)</i>	28,629	13,234
Public service body rebates	4,442	3,759
Prepaid expenses	1,048	2,359
	187,667	123,969
LONG TERM INVESTMENT <i>(Note 4)</i>	12,307	28,458
	\$ 199,974	\$ 152,427
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 9,259	\$ 8,695
Funds held in trust	7,824	8,824
Deferred membership fees	9,328	8,646
	26,411	26,165
NET ASSETS	173,563	126,262
	\$ 199,974	\$ 152,427

On behalf of the Board:

_____ *Treasurer*

See notes to financial statements

CANADIAN AVIATION HISTORICAL SOCIETY

Statement of Revenues and Expenses

Year Ended December 31, 2022

	2022	2021
REVENUES		
National (<i>Schedule 1</i>)	\$ 57,506	\$ 48,957
Branches (<i>Schedule 2</i>)	87,649	36,257
	145,155	85,214
EXPENSES		
National (<i>Schedule 1</i>)	51,767	47,339
Branches (<i>Schedule 2</i>)	46,087	20,041
	97,854	67,380
EXCESS OF REVENUES OVER EXPENSES	\$ 47,301	\$ 17,834

CANADIAN AVIATION HISTORICAL SOCIETY

Statement of Changes in Net Assets

Year Ended December 31, 2022

	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 126,262	\$ 108,428
EXCESS OF REVENUES OVER EXPENSES	47,301	17,834
NET ASSETS - END OF YEAR	\$ 173,563	\$ 126,262

CANADIAN AVIATION HISTORICAL SOCIETY

Statement of Cash Flows Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 47,301	\$ 17,834
Changes in non-cash working capital:		
Accounts receivable	(207)	-
Public service body rebates	(683)	433
Prepaid expenses	1,311	(227)
Accounts payable and accrued liabilities	564	1,795
Funds held in trust	(1,000)	(1,000)
Deferred membership fees	682	997
	667	1,998
Cash flow from operating activities	47,968	19,832
INVESTING ACTIVITY		
Long term investment	16,151	(28,458)
INCREASE (DECREASE) IN CASH FLOW	64,119	(8,626)
CASH - BEGINNING OF YEAR	117,851	126,477
CASH - END OF YEAR	\$ 181,970	\$ 117,851
CASH CONSISTS OF:		
Cash	\$ 153,341	\$ 104,617
Short term investments	28,629	13,234
	\$ 181,970	\$ 117,851

See notes to financial statements

CANADIAN AVIATION HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2022

1. DESCRIPTION OF OPERATIONS

The Canadian Aviation Historical Society ("Organization") is a not-for-profit organization. The Organization is also a Registered Charity under the Canadian Income Tax Act 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Organization follows the standards in Part III of the CPA Canada Handbook and has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies outlined below.

Cash and cash equivalents

Cash is defined as cash on hand, cash on deposit, and short-term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.

Capital assets

Capital assets are expensed in the year of acquisition.

Publication costs

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

Revenue recognition

The Organization follows the deferral method of accounting for revenue.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the General Fund on a cash basis. These include donations, memberships, annual convention, miscellaneous, fundraising, interest publication sales and sponsorships.

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Notes to Financial Statements Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

Measurement of 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 revenue and expenditures.

Financial assets measured at amortized cost on a straight-line basis include cash, accounts receivable, short and long term investments, and public service body rebates.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. SHORT TERM INVESTMENTS

	2022	2021
RBC, 0.60% 1-year cashable GIC, due February 5, 2023	\$ 22,141	\$ -
RBC, 0.60% 1-year cashable GIC, due February 5, 2023	6,488	-
RBC, 0.25% 1-year cashable GIC, due April 6, 2022	-	1,163
RBC, 0.15% Non-redeemable GIC, due July 24, 2022	-	12,071
	\$ 28,629	\$ 13,234

4. LONG TERM INVESTMENTS

	2022	2021
RBC, 4.25% Non-redeemable GIC, due July 24, 2024	\$ 12,307	\$ -
RBC, 0.60% Non-redeemable GIC, due February 5, 2023	-	22,009
RBC, 0.60% 1-year cashable GIC, due February 5, 2023	-	6,449
	\$ 12,307	\$ 28,458

CANADIAN AVIATION HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2022

5. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2022.

(a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its investments.

(b) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk through its investments.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

CANADIAN AVIATION HISTORICAL SOCIETY

National

(Schedule 1)

Year Ended December 31, 2022

	2022	2021
REVENUE		
Annual convention	\$ 10,756	\$ -
Donations	14,147	19,889
Fundraising	5,277	4,344
Interest	411	123
Memberships	23,004	20,250
Miscellaneous	3,450	2,575
Publication sales	461	1,776
	57,506	48,957
EXPENDITURES		
Bank charges	1,890	1,777
Community grants and donations	800	300
Computer and website services	4,013	4,351
Conventions	7,927	-
Fundraising	3,298	718
Insurance	4,267	4,265
Office and administration	1,958	2,128
Postage	4,157	5,861
Printing	15,311	19,153
Professional fees	6,212	6,852
Rent	1,934	1,934
	51,767	47,339
EXCESS OF REVENUES OVER EXPENDITURES	\$ 5,739	\$ 1,618

See notes to financial statements

CANADIAN AVIATION HISTORICAL SOCIETY

Branches

(Schedule 2)

Year Ended December 31, 2022

	2022	2021
REVENUE		
Annual convention	\$ 4,335	\$ -
Donations	70,799	23,579
Fundraising	1,284	1,644
Interest	21	20
Memberships	9,930	9,395
Miscellaneous	992	1,583
Publication sales	288	36
	87,649	36,257
EXPENDITURES		
Bank charges	387	180
Community grants and donations	27,362	7,693
Computer and website services	245	2,658
Fundraising	1,342	-
Office and administration	5,900	1,870
Postage	4,440	1,701
Printing	5,029	5,522
Rental	293	-
Telephone	1,089	417
	46,087	20,041
EXCESS OF REVENUES OVER EXPENDITURES	\$ 41,562	\$ 16,216