

CANADIAN AVIATION HISTORICAL SOCIETY

Financial Statements

Year Ended December 31, 2025

Draft for discussion purposes only

CANADIAN AVIATION HISTORICAL SOCIETY

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Year Ended December 31, 2025

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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, 2025, 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, 2025, 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, 2024 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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Independent Auditor's Report to the Directors of Canadian Aviation Historical Society (*continued*)

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

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, 2025

	2025	2024
ASSETS		
CURRENT		
Cash	\$ 92,492	\$ 113,948
Accounts receivable	-	4,500
Short term investments (Note 3)	96,315	122,728
Public service body rebates	10,181	18,400
Prepaid expenses	3,987	4,991
	202,975	264,567
LONG TERM INVESTMENT (Note 4)	226,119	170,082
	\$ 429,094	\$ 434,649
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 9,900	\$ 12,815
Funds held in trust	5,824	6,824
Deferred membership fees	8,837	8,443
	24,561	28,082
NET ASSETS	404,533	406,567
	\$ 429,094	\$ 434,649

Approved on behalf of the Board

Treasurer

See notes to financial statements

CANADIAN AVIATION HISTORICAL SOCIETY

Statement of Revenues and Expenses

Year Ended December 31, 2025

	2025	2024
REVENUES		
National (<i>Schedule 1</i>)	\$ 97,214	\$ 81,545
Branches (<i>Schedule 2</i>)	81,826	176,599
	179,040	258,144
EXPENSES		
National (<i>Schedule 1</i>)	66,075	72,337
Branches (<i>Schedule 2</i>)	114,999	243,166
	181,074	315,503
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (2,034)	\$ (57,359)

CANADIAN AVIATION HISTORICAL SOCIETY

Statement of Changes in Net Assets

Year Ended December 31, 2025

	2025	2024
NET ASSETS - BEGINNING OF YEAR	\$ 406,567	\$ 463,926
DEFICIENCY OF REVENUES OVER EXPENSES	(2,034)	(57,359)
NET ASSETS - END OF YEAR	\$ 404,533	\$ 406,567

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CANADIAN AVIATION HISTORICAL SOCIETY

Statement of Cash Flows Year Ended December 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (2,034)	\$ (57,359)
Changes in non-cash working capital:		
Accounts receivable	4,500	707
Public service body rebates	8,219	(10,214)
Prepaid expenses	1,004	17,829
Accounts payable and accrued liabilities	(2,915)	2,198
Funds held in trust	(1,000)	(1,000)
Deferred membership fees	394	(204)
	10,202	9,316
Cash flow from (used by) operating activities	8,168	(48,043)
INVESTING ACTIVITY		
Investments	(56,037)	43,568
DECREASE IN CASH FLOW	(47,869)	(4,475)
CASH - BEGINNING OF YEAR	236,676	241,151
CASH - END OF YEAR	\$ 188,807	\$ 236,676
CASH CONSISTS OF:		
Cash	\$ 92,492	\$ 113,948
Short term investments	96,315	122,728
	\$ 188,807	\$ 236,676

CANADIAN AVIATION HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2025

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, and publication sales.

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CANADIAN AVIATION HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2025

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

	2025	2024
RBC, 2.5% Non-redeemable GIC, due May 26, 2026	\$ 15,975	\$ 15,445
RBC, minimum return 8.5% maximum return 22%, MarketSmart GIC, due May 26, 2026	58,028	-
RBC, 2.5% Prime-linked cashable GIC, due May 28, 2026	10,505	10,288
RBC, 2.55% Non-redeemable GIC, due July 25, 2026	11,806	12,369
RBC, 4.00% Non-redeemable GIC, due February 5, 2025	-	6,923
RBC, 4.00% Non-redeemable GIC, due February 5, 2025	-	23,628
RBC, minimum return 5% maximum return 15%, MarketSmart GIC, due May 26, 2025	-	54,075
	\$ 96,314	\$ 122,728

CANADIAN AVIATION HISTORICAL SOCIETY

Notes to Financial Statements

Year Ended December 31, 2025

4. LONG TERM INVESTMENTS

	2025	2024
RBC, 2.9% Non-redeemable GIC, due February 5, 2027	\$ 7,132	\$ -
RBC, 2.9% Non-redeemable GIC, due February 5, 2027	24,338	-
RBC, minimum return 16% maximum return 32%, MarketSmart GIC, due May 26, 2028	120,374	114,861
RBC, minimum return 4% maximum return 20%, MarketSmart GIC, due May 30, 2028	15,353	-
RBC, minimum return 10% maximum return 32%, MarketSmart GIC, due May 30, 2030	58,922	-
RBC, minimum return 8.5% maximum return 22%, MarketSmart GIC, due May 26, 2026	-	55,221
	\$ 226,119	\$ 170,082

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, 2025.

(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.

CANADIAN AVIATION HISTORICAL SOCIETY

National

(Schedule 1)

Year Ended December 31, 2025

	2025	2024
REVENUES		
Annual convention	\$ 15,262	\$ 16,123
Donations	32,849	14,924
Fundraising	7,330	6,945
Interest	15,624	13,322
Memberships	19,668	24,028
Miscellaneous	4,779	4,285
Publication sales	1,702	1,918
	97,214	81,545
EXPENSES		
Bank charges	1,854	1,646
Community grants and donations	479	3,921
Computer and website services	6,947	5,107
Conventions	15,046	8,073
Fundraising	1,304	4,207
Insurance	2,492	2,289
Office and administration	2,703	6,155
Postage	5,381	6,822
Printing	19,609	24,454
Professional fees	7,955	7,319
Rental	2,305	2,305
Travel	-	39
	66,075	72,337
EXCESS OF REVENUES OVER EXPENSES	\$ 31,139	\$ 9,208

CANADIAN AVIATION HISTORICAL SOCIETY

Branches

(Schedule 2)

Year Ended December 31, 2025

	2025	2024
REVENUES		
Annual convention	\$ 4,785	\$ 5,621
Donations	56,637	145,856
Fundraising	3,806	2,105
Interest	21	32
Memberships	5,762	8,621
Miscellaneous	9,654	14,364
Publication sales	1,161	-
	81,826	176,599
EXPENSES		
Advertising and promotion	850	179
Bank charges	316	225
Community grants and donations	88,473	219,547
Computer and website services	1,510	2,676
Convention	400	-
Fundraising	968	210
Insurance	482	-
Office and administration	10,486	13,692
Postage	1,990	1,010
Printing	4,743	1,427
Rental	2,622	3,468
Telephone	2,159	732
	114,999	243,166
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (33,173)	\$ (66,567)