

**CANADIAN AVIATION HISTORICAL SOCIETY**

**Financial Statements**

**Year Ended December 31, 2021**

*Draft for discussion purposes only*

# CANADIAN AVIATION HISTORICAL SOCIETY

## Index to Financial Statements

Year Ended December 31, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9
National ( <i>Schedule 1</i> )	10
Branches ( <i>Schedule 2</i> )	11

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## INDEPENDENT AUDITOR'S REPORT

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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, 2021, and the statements of revenues and expenditures, 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, 2021, 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. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2020 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.

### *Other Matter*

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed a qualified opinion on those financial statements on June 27, 2021 for the reasons described in the *Basis for Qualified Opinion* section.

### *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

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, 2021

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 104,617	\$ 83,888
Short term investments (Note 3)	13,234	42,589
Public service body rebates	3,228	4,192
Prepaid expenses	2,359	2,132
	123,438	132,801
<b>LONG TERM INVESTMENT (Note 4)</b>	<b>28,458</b>	<b>-</b>
	<b>\$ 151,896</b>	<b>\$ 132,801</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 8,694	\$ 6,900
Funds held in trust	8,824	9,824
Deferred membership fees	8,646	7,649
	26,164	24,373
<b>NET ASSETS</b>	<b>125,732</b>	<b>108,428</b>
	<b>\$ 151,896</b>	<b>\$ 132,801</b>

ON BEHALF OF THE BOARD

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See notes to financial statements

# CANADIAN AVIATION HISTORICAL SOCIETY

## Statement of Revenues and Expenditures

Year Ended December 31, 2021

	2021	2020
<b>REVENUES</b>		
National ( <i>Schedule 1</i> )	\$ 48,826	\$ 65,124
Branches ( <i>Schedule 2</i> )	35,858	23,110
	<b>84,684</b>	88,234
<b>EXPENDITURES</b>		
National ( <i>Schedule 1</i> )	47,360	52,006
Branches ( <i>Schedule 2</i> )	20,020	21,491
	<b>67,380</b>	73,497
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 17,304</b>	<b>\$ 14,737</b>

# CANADIAN AVIATION HISTORICAL SOCIETY

## Statement of Changes in Net Assets

Year Ended December 31, 2021

	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 108,428	\$ 93,691
EXCESS OF REVENUES OVER EXPENDITURES	17,304	14,737
NET ASSETS - END OF YEAR	\$ 125,732	\$ 108,428

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# CANADIAN AVIATION HISTORICAL SOCIETY

## Statement of Cash Flows Year Ended December 31, 2021

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 17,304	\$ 14,737
Changes in non-cash working capital:		
Public service body rebates	964	959
Prepaid expenses	(227)	552
Accounts payable and accrued liabilities	1,794	(142)
Funds held in trust	(1,000)	-
Deferred membership fees	997	1,128
	2,528	2,497
Cash flow from operating activities	19,832	17,234
<b>INVESTING ACTIVITY</b>		
Long term investment	(28,458)	-
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(8,626)</b>	<b>17,234</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>126,477</b>	<b>109,243</b>
<b>CASH - END OF YEAR</b>	<b>\$ 117,851</b>	<b>\$ 126,477</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 104,617	\$ 83,888
Short term investments	13,234	42,589
	\$ 117,851	\$ 126,477

# CANADIAN AVIATION HISTORICAL SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2021

### 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, 2021

### 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, 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

	2021	2020
RBC, 0.25% 1-year cashable GIC, due April 6, 2022	\$ 1,163	\$ 2,163
RBC, 0.15% Non-redeemable GIC, due July 24, 2022	12,071	12,050
RBC, 2.2% Non-redeemable GIC, due February 5, 2021	-	21,937
RBC, 0.15% Non-redeemable GIC, due February 5, 2021	-	6,439
	\$ 13,234	\$ 42,589

### 4. LONG TERM INVESTMENTS

	2021	2020
RBC, 0.60% Non-redeemable GIC, due February 5, 2023	\$ 22,009	\$ -
RBC, 0.60% Non-redeemable GIC, due February 5, 2023	6,449	-
	\$ 28,458	\$ -

# CANADIAN AVIATION HISTORICAL SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2021

### 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, 2021.

#### *(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.

### 6. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

# CANADIAN AVIATION HISTORICAL SOCIETY

National

(Schedule 1)

Year Ended December 31, 2021

	2021	2020
<b>REVENUE</b>		
Annual convention	\$ -	\$ 218
Donations	19,889	30,716
Fundraising	4,344	4,072
Interest	123	800
Memberships	20,250	22,857
Miscellaneous	2,444	5,397
Publication sales	1,776	1,064
	48,826	65,124
<b>EXPENDITURES</b>		
Bank charges	1,798	1,760
Community grants and donations	300	1,600
Computer and website services	4,351	3,214
Conventions	-	604
Fundraising	718	671
Insurance	4,265	4,138
Office and administration	2,128	1,273
Postage	5,861	5,105
Printing	19,153	25,411
Professional fees	6,852	6,075
Rent	1,934	2,077
Telephone	-	78
	47,360	52,006
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 1,466</b>	<b>\$ 13,118</b>

# CANADIAN AVIATION HISTORICAL SOCIETY

## Branches

(Schedule 2)

Year Ended December 31, 2021

	2021	2020
<b>REVENUE</b>		
Donations	\$ 23,579	\$ 8,305
Fundraising	1,794	235
Interest	20	21
Memberships	9,395	12,738
Miscellaneous	1,034	604
Publication sales	36	1,207
	<b>35,858</b>	<b>23,110</b>
<b>EXPENDITURES</b>		
Bank charges	159	288
Computer and website services	2,658	1,064
Fundraising	-	318
Community grants and donations	7,693	10,247
Office and administration	1,870	2,467
Postage	1,701	1,210
Printing	5,522	4,614
Rental	-	859
Telephone	417	424
	<b>20,020</b>	<b>21,491</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 15,838</b>	<b>\$ 1,619</b>