
CANADIAN AVIATION HISTORICAL SOCIETY
FINANCIAL STATEMENTS
DECEMBER 31, 2020

DRAFT FOR REVIEW PURPOSES ONLY

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CANADIAN AVIATION HISTORICAL SOCIETY

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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, 2020 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, 2020 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, 2020 and 2019, and current assets and net assets as at January 1 and December 31 for both 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 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
xxxx xx, xxxx

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

CANADIAN AVIATION HISTORICAL SOCIETY

STATEMENT OF FINANCIAL POSITION

| As at December 31, | 2020 | 2019 |
|--------------------------------------|------------|------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 83,888 | \$ 67,454 |
| Short term investments (Note 4) | 42,589 | 41,789 |
| Accounts receivable | 4,192 | 5,151 |
| Prepays | 2,132 | 2,684 |
| | \$ 132,801 | \$ 117,078 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued charges | \$ 6,900 | \$ 7,042 |
| Funds held in trust | 9,824 | 9,824 |
| Deferred membership fees (Note 5) | 7,649 | 6,521 |
| | 24,373 | 23,387 |
| NET ASSETS | | |
| Unrestricted | 108,428 | 93,691 |
| | \$ 132,801 | \$ 117,078 |

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 | | | 2020 | 2019 |
|-----------------------------------|-----------|-----------|-----------|-----------|
| | National | Branches | Total | Total |
| REVENUE | | | | |
| Memberships | \$ 22,857 | \$ 12,738 | \$ 35,595 | \$ 32,723 |
| Donations | 30,716 | 8,305 | 39,021 | 23,120 |
| Annual Convention | 218 | - | 218 | 17,883 |
| Miscellaneous | 5,397 | 527 | 5,924 | 5,150 |
| Fundraising | 4,072 | 235 | 4,307 | 7,895 |
| Publication sales | 1,064 | 1,207 | 2,271 | 1,769 |
| Exchange gains (losses) | - | 77 | 77 | (125) |
| Interest revenue | 800 | 21 | 821 | 811 |
| | 65,124 | 23,110 | 88,234 | 89,226 |
| EXPENDITURES | | | | |
| Audit | 6,002 | - | 6,002 | 6,150 |
| Bank charges | 1,760 | 289 | 2,049 | 1,598 |
| Computers and website service | 3,214 | 1,065 | 4,279 | 7,174 |
| Conventions | 604 | - | 604 | 13,513 |
| Fundraising costs | 671 | 318 | 989 | 2,727 |
| Community grants and donations | 1,600 | 10,247 | 11,847 | 5,046 |
| Insurance | 4,138 | - | 4,138 | 3,989 |
| Legal and accounting | 73 | - | 73 | 3,026 |
| Office and administration | 1,273 | 2,323 | 3,596 | 7,900 |
| Postage | 5,105 | 1,210 | 6,315 | 7,427 |
| Rent | 2,077 | 859 | 2,936 | 3,871 |
| Telephone | 78 | 424 | 502 | 189 |
| Travel | - | - | - | 325 |
| Printing | 25,411 | 4,756 | 30,167 | 26,757 |
| | 52,006 | 21,491 | 73,497 | 89,692 |
| NET REVENUE | | | | |
| (EXPENDITURES) | \$ 13,118 | \$ 1,619 | \$ 14,737 | \$ (466) |

See accompanying notes to the financial statements

CANADIAN AVIATION HISTORICAL SOCIETY

STATEMENT OF CASH FLOWS

| For the year ended December 31 | 2020 | 2019 |
|--|------------|------------|
| CASH PROVIDED BY (USED IN) OPERATIONS | | |
| Net revenue | \$ 14,737 | \$ (466) |
| Changes in non-cash working capital balances | | |
| Accounts receivable | 959 | (470) |
| Prepaid expenses | 552 | (750) |
| Accounts payable and accrued liabilities | (142) | 640 |
| Funds held in trust | - | (1,000) |
| Deferred revenue | 1,128 | 1,659 |
| | 17,234 | (387) |
| INCREASE (DECREASE) IN CASH | 17,234 | (387) |
| CASH, beginning of year | 109,243 | 109,630 |
| CASH, end of year | \$ 126,477 | \$ 109,243 |
| CONSISTING OF: | | |
| Cash | \$ 83,888 | \$ 67,454 |
| Short term investments | 42,589 | 41,789 |
| | \$ 126,477 | \$ 109,243 |

STATEMENT OF CHANGE IN NET ASSETS

| For the year ended December 31 | 2020 | 2019 |
|---|------------|-----------|
| UNRESTRICTED NET ASSETS, beginning of year | 93,691 | 94,157 |
| Net revenue (expenditures) | 14,737 | (466) |
| UNRESTRICTED NET ASSETS, end of year | \$ 108,428 | \$ 93,691 |

See accompanying notes to the financial statements

CANADIAN AVIATION HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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. FINANCIAL IMPACT OF THE NOVEL CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared a global pandemic due to the outbreak of COVID-19. The situation is continuously developing and the economic impact has been substantial to both Canada and the globe. As at XXXX XX, 2021, management is aware of changes in its operations as a result of the COVID-19 pandemic including the cancellation of the Annual National Convention as well as a reduction in fund raising activities.

Management is closely monitoring the situation and as at XXXX XX, 2021, based on the results of operations for fiscal year 2020, estimates that COVID-19 will not affect the short term viability of the organization

2. 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.

CANADIAN AVIATION HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

(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.

3. 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.

CANADIAN AVIATION HISTORICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

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4. SHORT TERM INVESTMENTS

| | 2020 | 2019 |
|--|-----------|-----------|
| Short term investments | | |
| RBC, 1.45% Non-redeemable GIC, due January 4, 2021 | 2,163 | \$ 2,132 |
| RBC, .15% Non-redeemable GIC, due February 5, 2021 | 6,439 | 6,290 |
| RBC, .25% Non-redeemable GIC, due January 30, 2021 | 12,050 | 11,899 |
| RBC, 2.2% Non-redeemable GIC, due February 5, 2021 | 21,937 | 21,468 |
| | \$ 42,589 | \$ 41,789 |

5. 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 |
|---|---|--|---|
| \$ 6,520 | \$ 23,728 | \$ 22,857 | \$ 7,391 |