

CANADIAN BUSINESS AVIATION ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2024

DRAFT

CANADIAN BUSINESS AVIATION ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

To the Members of the
Canadian Business Aviation Association

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Canadian Business Aviation Association (the Association), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, 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 Association as at December 31, 2024, 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 (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from membership fees and publication royalties, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to membership fees and publication and subscription revenue, deficiency of revenues over expenses, and cash flows from operations for the years ended December 31, 2023 and current assets and net assets as at December 31, 2023. The audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation in 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 Association 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.

Other Matter

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed a qualified opinion on those financial statements on March 20, 2024.

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 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 assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

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 Association'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 Association'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 Association 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.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
_____, 2025

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CANADIAN BUSINESS AVIATION ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2024

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	Unrestricted Fund	Special Project Fund	2024 Total	2023 Total
REVENUES				
Membership fees (Note 3)	\$ 643,200	\$ -	\$ 643,200	\$ 644,577
Annual convention	446,128	-	446,128	530,917
Unrealized change in fair market value of investments	77,726	-	77,726	46,694
Dividend and interest income	54,029	-	54,029	45,061
Sponsorships	53,438	-	53,438	100,170
	1,274,521	-	1,274,521	1,367,419
EXPENSES				
Salaries and benefits	580,888	-	580,888	540,548
Convention	372,575	-	372,575	353,957
Travel	101,684	-	101,684	99,766
Business taxes, licenses and memberships	48,695	-	48,695	52,286
Office expenses	23,541	-	23,541	27,636
Insurance	20,434	-	20,434	19,085
Advertising and promotion	14,386	-	14,386	41,879
Rent	4,454	-	4,454	3,873
Telecommunications	2,906	-	2,906	4,392
Meetings	542	-	542	8,955
Foreign exchange gains (losses)	(1,867)	-	(1,867)	(944)
Special projects	-	-	-	47,300
Professional fees	203,401	-	203,401	204,779
Interest and service charges	9,860	-	9,860	6,044
	1,381,499	-	1,381,499	1,409,556
DEFICIENCY OF REVENUES OVER EXPENSES				
	\$ (106,978)	\$ -	\$ (106,978)	\$ (42,137)

CANADIAN BUSINESS AVIATION ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2024

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	Internal Restriction		Special Projects Fund		2024 Total	2023 Total
	Unrestricted					
BALANCE, BEGINNING OF YEAR	\$ 1,492,477	\$	30,700	\$	1,523,177	\$ 1,565,314
Deficiency of revenues over expenses	(106,978)		-		(106,978)	(42,137)
BALANCE, END OF YEAR	\$ 1,385,499	\$	30,700	\$	1,416,199	\$ 1,523,177

CANADIAN BUSINESS AVIATION ASSOCIATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

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	Unrestricted	Special Projects Fund	2024 Total	2023 Total
ASSETS				
CURRENT ASSETS				
Cash	\$ 1,056,804	\$ -	\$ 1,056,804	\$ 1,095,998
Accounts receivable (Note 4)	15,307	-	15,307	22,462
Prepaid expenses	42,347	-	42,347	34,661
Due (to) from other funds, without interest	(30,700)	30,700	-	-
	1,083,758	30,700	1,114,458	1,153,121
INVESTMENTS (Note 5)	640,828	-	640,828	563,526
	\$ 1,724,586	\$ 30,700	\$ 1,755,286	\$ 1,716,647
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable (Note 7)	\$ 120,348	\$ -	\$ 120,348	\$ 67,151
Deferred membership revenues	211,739	-	211,739	110,950
Deferred convention revenues	7,000	-	7,000	15,369
	339,087	-	339,087	193,470
NET ASSETS				
Unrestricted	1,385,499	-	1,385,499	-
Internal Restriction				
Special Projects Fund	-	30,700	30,700	1,523,177
	1,385,499	30,700	1,416,199	1,523,177
	\$ 1,724,586	\$ 30,700	\$ 1,755,286	\$ 1,716,647

ON BEHALF OF THE BOARD

_____, Director

_____, Director

CANADIAN BUSINESS AVIATION ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

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	2024	2023
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (106,978)	\$ (42,137)
Net change in non-cash items related to operating activities:		
Accounts receivable	7,155	(5,043)
Prepaid expenses	(7,686)	(4,052)
Accounts payable	53,197	(35,645)
Deferred membership revenues	100,789	(88,004)
Deferred convention revenues	(8,369)	10,013
	145,086	(122,731)
	38,108	(164,868)
INVESTING ACTIVITY		
Net change in investments	(77,302)	723,543
FINANCING ACTIVITY		
Repayment of Canadian Emergency Business Account	-	(30,000)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(39,194)	528,675
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,095,998	567,323
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,056,804	\$ 1,095,998

Cash and cash equivalents consist of cash.

CANADIAN BUSINESS AVIATION ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024

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1. STATUTE AND NATURE OF OPERATIONS

The Canadian Business Aviation Association was incorporated without share capital under Part II of the Canada Corporations Act and received its certificate of continuance under the Canada Not-for-profit Corporations Act on August 19, 2014. The purpose of the Association is to act as a collective voice for business aviation in Canada and assist its members in all aviation-related matters. The Association is exempt from income tax under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The Association applies the Canadian accounting standards for not-for-profit organizations.

Fund accounting

The Association uses fund accounting to account for its operations and activities.

- The Unrestricted Fund presents all the revenues, expenses, assets and liabilities related to the Association's general activities.
- The Special Projects Fund discloses activities related to special projects. The Fund was created by the Board of Directors during the 2022 fiscal year.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the amounts recognized as revenues and expenses for the periods covered. Actual results may differ from these estimates.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue, when received or receivable, provided that the amount to be received can be reasonably estimated and collection reasonably assured.

Revenue from membership fees, annual convention and sponsorships are recognized when received or receivable, provided that the amount to be received can be reasonably estimated and collection is reasonably assured. Revenues received relating to memberships dues, annual convention and sponsorship that pertain to a subsequent year are deferred and recognized as revenues in the period to which they relate.

Investment income includes dividend and interest income, realized investment gains and losses on sales of investments, and unrealized gains and losses on investments resulting from fluctuations in fair market value and are recognized when earned.

CANADIAN BUSINESS AVIATION ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Translation of foreign currency transactions and items

The Association uses the temporal method to translate its foreign currency transactions.

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses, except for amortization translated at the historical rate, are translated at the average rate for the year. Exchange gains and losses are included in the statement of operations.

Contributed services

The Association would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the inherent difficulty in compiling these hours and determining their fair value, contributed services are not recognized in the financial statements.

Capital assets

Capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful life using the straight-line method over the following periods:

	Periods
Office furniture and equipment	5 years
Computers	3 years
Computer software	5 years

Cash and cash equivalents

The Association's policy is to present bank balances, including bank indebtedness with balances that can fluctuate from being positive to overdrawn, under cash and cash equivalents.

Financial instruments

Initial measurement

The Association initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Association is in the capacity of management, are initially measured at cost.

CANADIAN BUSINESS AVIATION ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Subsequent measurement

The Association subsequently measures all its financial assets and liabilities at cost or 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 of these financial instruments are recognized in the statement of operations in the period incurred.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial assets measured at fair value include investments.

Impairment

For financial assets measured at cost or amortized cost, the Association determines whether there are indications of possible impairment. When there are, and the Association determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in operations. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in operations in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in operations over the life of the instrument using the straight-line method.

3. MEMBERSHIP FEES

Membership fee revenues are presented net of agency fees paid in the amount of \$12,988 (2023: \$12,114).

4. ACCOUNTS RECEIVABLE

	2024	2023
Accounts receivable	\$ 15,307	\$ 20,289
Harmonized Sales Tax receivable	-	2,173
	<u>\$ 15,307</u>	<u>\$ 22,462</u>

CANADIAN BUSINESS AVIATION ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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5. INVESTMENTS

	2024	2023
Equities	\$ 640,828	\$ 563,526

6. CAPITAL ASSETS

		2024	2023
	Cost	Accumulated Amortization	Net book Value
Computer equipment	\$ 14,532	\$ 14,532	\$ -
Computer software	91,071	91,071	-
Furnitures and fixtures	41,965	41,965	-
	\$ 147,568	\$ 147,568	\$ -

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trade accounts and accrued liabilities	\$ 93,670	\$ 67,151
Harmonized Sales Tax payable	26,678	-
	\$ 120,348	\$ 67,151

8. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Association by failing to discharge an obligation. The Association's credit risk is mainly related to accounts receivable.

The Association provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. The Association considers that no risk arises from that situation.

CANADIAN BUSINESS AVIATION ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

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8. FINANCIAL INSTRUMENTS (continued)

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 Association is mainly exposed to other price risk through its investments.

9. CONTRACTUAL OBLIGATIONS

The commitments of the Association under an agreement with an hotel for the 2025 CBAA Annual Convention in Richmond, BC aggregate to \$240,550, plus applicable sales taxes. In the event that the minimum is not spent, the Association will be liable for the difference. In the event the conference is cancelled, cancellation costs will apply.

10. COMPARATIVE FIGURES

Certain figures for 2023 have been reclassified to conform to the presentation adopted in 2024.