

CANADIAN BUSINESS AVIATION ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2021



McCay Duff LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Members of
Canadian Business Aviation Association

Qualified Opinion

We have audited the financial statements of Canadian Business Aviation Association (the "Association"), which comprise the statement of financial position as at December 31, 2021, and the statement of operations, statement of 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 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, 2021, 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.

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 subscriptions revenue, net revenue, and cash flows from operations for the years ended December 31, 2021 and December 31, 2020 and current assets and net assets as at December 31, 2021 and December 30, 2020. Our audit opinion on the financial statements for the year ended December 31, 2020 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 *Auditors' 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 opinion.

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INDEPENDENT AUDITORS' REPORT (Cont'd.)

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.

Auditors' 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 auditors' 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.

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INDEPENDENT AUDITORS' REPORT (Cont'd.)

- 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 auditors' 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 auditors' 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.

McCay Duff LLP

McCay Duff LLP,
Licensed Public Accountants.

Ottawa, Ontario,
March 17, 2022.

CANADIAN BUSINESS AVIATION ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT		
Cash	\$ 1,126,609	\$ 1,009,609
Short-term investments	722,487	651,408
Accounts receivable	1,336	8,046
Prepaid expenses	<u>22,074</u>	<u>18,188</u>
	1,872,506	1,687,251
TANGIBLE CAPITAL ASSETS (note 4)	<u>2,036</u>	<u>6,532</u>
	<u>\$ 1,874,542</u>	<u>\$ 1,693,783</u>


LIABILITIES

CURRENT		
Accounts payable and accrued liabilities	\$ 59,461	\$ 89,896
Government remittances payable	7,155	10,722
Unearned membership revenue	284,768	239,552
Unearned convention revenue	<u>44,940</u>	<u>46,790</u>
	396,324	386,960
LONG TERM		
Canadian Emergency Business Account (note 5)	<u>30,000</u>	<u>30,000</u>
	426,324	416,960


NET ASSETS

UNRESTRICTED NET ASSETS	<u>1,448,218</u>	<u>1,276,823</u>
	<u>\$ 1,874,542</u>	<u>\$ 1,693,783</u>
Commitments (note 8)		

Approved on behalf of the Board:

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Director

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Director

CANADIAN BUSINESS AVIATION ASSOCIATION**STATEMENT OF NET ASSETS****FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
BALANCE - BEGINNING OF YEAR	\$ 1,276,823	\$ 1,157,274
Net revenue for the year	<u>171,395</u>	<u>119,549</u>
BALANCE - END OF YEAR	<u>\$ 1,448,218</u>	<u>\$ 1,276,823</u>

CANADIAN BUSINESS AVIATION ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
	<u>Actual</u>	<u>Actual</u>
REVENUES		
Membership fees (note 6)	\$ 843,016	\$ 824,082
Program activities (Schedule 2)	33,518	32,084
Investment income	72,996	31,357
Forgivable portion of Canadian Emergency Business Account (note 5)	-	10,000
Annual convention	<u>8,050</u>	<u>-</u>
	957,580	897,523
EXPENSES		
Membership activities (Schedule 1)	777,332	765,035
Annual convention	4,645	7,569
Program activities (Schedule 2)	<u>4,208</u>	<u>5,370</u>
	<u>786,185</u>	<u>777,974</u>
NET REVENUE FOR THE YEAR	<u>\$ 171,395</u>	<u>\$ 119,549</u>

CANADIAN BUSINESS AVIATION ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Cash from operations		
Net revenue for the year	\$ 171,395	\$ 119,549
Items not requiring an outlay of cash:		
amortization	<u>4,496</u>	<u>6,172</u>
	175,891	125,721
Changes in non-cash working capital		
- accounts receivable	6,710	21,408
- prepaid expenses	(3,886)	3,112
- accounts payable and accrued liabilities	(30,435)	(25,604)
- government remittances payable	(3,567)	7,654
- unearned membership revenue	45,216	98,804
- unearned convention revenue	<u>(1,850)</u>	<u>3,705</u>
	188,079	234,800
INVESTING ACTIVITIES		
Change in short-term investments	(71,079)	(123,059)
FINANCING ACTIVITIES		
Change in Canadian Emergency Business Account	<u>-</u>	<u>30,000</u>
INCREASE IN CASH POSITION DURING THE YEAR	117,000	141,741
Cash position - beginning of year	<u>1,009,609</u>	<u>867,868</u>
CASH POSITION - END OF YEAR	<u>\$ 1,126,609</u>	<u>\$ 1,009,609</u>

CANADIAN BUSINESS AVIATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. ORGANIZATION

Canadian Business Aviation Association (the "Association") was incorporated without share capital under Part II of the Canada Corporations Act and received 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 assists its members in all aviation-related matters. The Association is exempt from income taxes under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Association's significant accounting policies are as follows:

(a) Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related restrictions are met. Unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated, and collection is reasonably assured.

Members' fees are set by the Board of Directors and are recognized as revenue proportionately over the fiscal year to which they relate. Membership fees received in advance for the following fiscal year are recorded as deferred membership revenue.

Convention, event registration and sponsorship revenues are recognized when the corresponding event occurs. Revenue received before the event occurs is recorded as deferred revenue.

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.

(b) Tangible Capital Assets and Amortization

Tangible Capital assets are stated at cost, net of accumulated amortization. Amortization is provided as follows:

Office furniture and equipment	20%	Straight line basis
Computers	33%	Straight line basis
Computer software	20%	Straight line basis

CANADIAN BUSINESS AVIATION ASSOCIATION**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021****2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(c) Use of Estimates**

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 amounts of assets, liabilities, revenues and expenditures and disclosure of contingent assets and liabilities. These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

(d) Financial Instruments

The Association's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities, and Canadian Emergency Business Account.

Measurement

Financial instruments are recorded at fair value on initial recognition.

The Association subsequently measures its financial instruments as follows:

Cash, accounts receivable, and accounts payable and accrued liabilities, and Canadian Emergency Business Account are subsequently measured at amortized cost.

Short-term Investments are subsequently measured at fair value. Changes in fair value are recognized in net revenue for the year

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down or subsequent recovery is recognized in net revenue for the year

(e) Volunteer Services

The Association receives the services of many volunteers, the cost of which cannot be reasonably estimated. Therefore, no representation of this expenditure has been included in these financial statements.

CANADIAN BUSINESS AVIATION ASSOCIATION**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021****2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(f) Foreign Currency Translation**

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

Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenue and expense items are translated at the rate in effect at the transaction date. Exchange gains and losses are reflected in net revenue.

3. FINANCIAL RISKS AND CONCENTRATION OF RISKS

It is management's assessment that the Association is not exposed to significant liquidity or credit risks arising from its financial instruments.

Currency Risk

Currency risk is the exposure of the Association's earnings that arises from fluctuations in exchange rates. The Association's functional currency is the Canadian dollar. The Association does enter into a small amount of foreign currency transactions, receiving some membership revenue in United States dollars. To minimize the currency exchange risk, The Association maintains a United States dollar bank account for all United States dollar transactions. Due to the small amount of such transactions, the overall currency risk for The Association is small.

Interest Rate Risk

Interest rate risk is the exposure of the Association's earnings that arises from fluctuations in interest rates. The Association is exposed to interest rate risk with regard to cash and short-term investments. Fluctuations in market rates of interest on cash do not have a significant impact on the Association's operations. Term deposits are not exposed to significant interest rate risk due to their short-term nature. Therefore, interest rate risk does not have a significant impact.

Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices. The Association is exposed to market risk on its short-term investments.

CANADIAN BUSINESS AVIATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

4. CAPITAL ASSETS

	2021			2020
	Cost	Accumulated Amortization	Net	Net
Furniture and equipment	\$ 41,965	\$ 39,929	\$ 2,036	\$ 6,337
Computers	14,532	14,532	-	195
Computer software	<u>91,070</u>	<u>91,070</u>	<u>-</u>	<u>-</u>
	<u>\$ 147,567</u>	<u>\$ 145,531</u>	<u>\$ 2,036</u>	<u>\$ 6,532</u>

5. CANADIAN EMERGENCY BUSINESS ACCOUNT

During the 2020 fiscal year, the Association received a \$40,000 loan through the Canadian emergency business account program. Under the terms of the program, if the Association repays the first \$30,000 of this loan by December 31, 2023, the remaining \$10,000 will be forgiven. As these loans were advanced with the intention that a portion will be forgiven, and the Association has sufficient financial resources that forgiveness is reasonably assured, the \$10,000 forgivable portion has been recognized as revenue when the loan proceeds were received.

6. MEMBERSHIP FEES

Membership fee revenues are presented net of agency fees paid in the amount of \$23,580 (2020 - \$24,968).

7. CANADIAN EMERGENCY WAGE SUBSIDY

Payroll expenses are presented net of subsidies received through the Canadian emergency wage subsidy program in the amount of \$33,641 (2020 - \$88,416).

8. COMMITMENTS

The Association has entered into an agreement with a hotel to provide facilities for a June 2022 conference. The terms of the agreement include minimum purchases towards guest rooms, food and beverage in the amount of \$176,331, 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.

CANADIAN BUSINESS AVIATION ASSOCIATION**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021****9. COVID-19 IMPLICATIONS**

The impact of COVID-19 to the public since its outbreak in mid-March 2020 has been extensive. In response to ongoing health concerns, the Association has been adhering to government guidelines as they relate to states of emergency, social distancing measures and mandated closures. The Canadian government has continued to implement financial easing policies to mitigate the financial impact on the local economy in which the Association operates, however its effectiveness is yet to be determined. Despite cancellation of the 2021 annual conference, the Association continued to realize significant operating net revenue. The financial impact on the Association as a result of COVID-19 is unknown as the potential impact on future operations cannot be determined. No amounts have been recognized in the audited financial statements relating to the potential impact of future events on the Association as a result of COVID-19.

It is management's opinion that, even with the global pandemic, there was not, nor will there be, any threat to viability to this Association. The Association's ability, passion and energy to advocate for its members never was hindered or impeded in any form.

CANADIAN BUSINESS AVIATION ASSOCIATION

SCHEDULE 1 - MEMBERSHIP ACTIVITIES EXPENSE

DECEMBER 31, 2021

	<u>2021</u>	<u>Actual</u>
	<u>Actual</u>	<u>Actual</u>
Payroll (note 7)	\$ 389,449	\$ 381,463
Professional fees	249,756	199,330
Computer support and maintenance	24,354	35,033
Membership dues	39,085	34,091
Rental expense	23,162	31,182
Insurance	15,119	16,772
Publication and communication	1,709	15,161
Service charges	10,283	12,001
Advertising and marketing	2,881	11,814
Audit fees	7,920	8,812
Amortization	4,496	6,172
Office	1,159	5,640
Telecommunications	4,644	4,137
Domestic and foreign travel	35	3,588
IFR fees	510	380
Scholarships and awards	1,825	357
Loss (gain) on foreign exchange	<u>945</u>	<u>(898)</u>
	<u>\$ 777,332</u>	<u>\$ 765,035</u>

CANADIAN BUSINESS AVIATION ASSOCIATION

SCHEDULE 2 - PROGRAM ACTIVITIES

DECEMBER 31, 2021

	<u>2021</u>	<u>Actual</u>
	<u>Actual</u>	<u>Actual</u>
REVENUES		
Publication and subscriptions	\$ 19,059	\$ 15,129
Project sponsorships	6,500	7,455
Chapter sponsorships	-	7,200
Miscellaneous	<u>7,959</u>	<u>2,300</u>
	<u>\$ 33,518</u>	<u>\$ 32,084</u>
EXPENSES		
Other projects	\$ -	\$ 4,641
Board and EC meetings	-	729
NBAA	<u>4,208</u>	<u>-</u>
	<u>\$ 4,208</u>	<u>\$ 5,370</u>