

**CANADIAN BUSINESS AVIATION ASSOCIATION  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022**



**McCay Duff LLP**  
CHARTERED PROFESSIONAL ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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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, 2022, and the statements of changes in net assets, operations 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, 2022, 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 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, net revenue, and cash flows from operations for the years ended December 31, 2022 and December 31, 2021 and current assets and net assets as at December 31, 2022 and December 31, 2021. Our audit opinion on the financial statements for the year ended December 31, 2021 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 Association 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 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.

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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 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.

*McCay Duff LLP*

McCay Duff LLP,  
Licensed Public Accountants.

Ottawa, Ontario,  
April 27, 2023

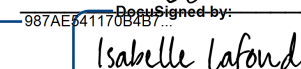
**CANADIAN BUSINESS AVIATION ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022**

	Unrestricted 2022	Special projects fund 2022	Total 2022	Total 2021
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ 567,323	\$ -	\$ 567,323	\$ 1,126,609
Short-term investments	1,287,069	-	1,287,069	722,487
Accounts receivable	15,246	-	15,246	1,336
Prepaid expenses	30,609	-	30,609	22,074
Due (to) from other funds	(78,000)	78,000	-	-
	1,822,247	78,000	1,900,247	1,872,506
<b>TANGIBLE CAPITAL ASSETS (Note 4)</b>				
	-	-	-	2,036
	\$ 1,822,247	\$ 78,000	\$ 1,900,247	\$ 1,874,542
<b>LIABILITIES</b>				
<b>CURRENT</b>				
Accounts payable and accrued liabilities	\$ 100,623	\$ -	\$ 100,623	\$ 59,461
Government remittances payable	-	-	-	7,155
Unearned membership revenue	198,954	-	198,954	284,768
Unearned convention revenue	5,356	-	5,356	44,940
	304,933	-	304,933	396,324
<b>CANADIAN EMERGENCY BUSINESS ACCOUNT LOAN (Note 5)</b>				
	30,000	-	30,000	30,000
	334,933	-	334,933	426,324
<b>NET ASSETS</b>				
Net assets	1,487,314	78,000	1,565,314	1,448,218
	\$ 1,822,247	\$ 78,000	\$ 1,900,247	\$ 1,874,542

**COMMITMENTS (Note 7)**

Approved on behalf of the Board:

 \_\_\_\_\_ Director

 \_\_\_\_\_ Director

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**CANADIAN BUSINESS AVIATION ASSOCIATION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2022**

	Unrestricted	Special projects fund	<b>2022</b>	2021
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 1,448,218	\$ -	<b>\$ 1,448,218</b>	\$ 1,276,823
Transfer to special projects fund	(100,000)	100,000	-	-
Net revenue (expenses) for the year	139,096	(22,000)	<b>117,096</b>	171,395
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,487,314</b>	<b>\$ 78,000</b>	<b>\$ 1,565,314</b>	<b>\$ 1,448,218</b>

## CANADIAN BUSINESS AVIATION ASSOCIATION

## STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2022

	Unrestricted fund 2022	Special projects fund 2022	Total 2022	Total 2021
<b>REVENUES</b>				
Membership fees (Note 6)	\$ 823,637	\$ -	\$ 823,637	\$ 837,445
Annual convention	513,755	-	513,755	8,050
Sponsorship	35,150	-	35,150	11,276
Publications and subscriptions	18,017	-	18,017	19,059
Other	-	-	-	8,754
Investment income (loss)	(36,218)	-	(36,218)	72,995
	<u>1,354,341</u>	<u>-</u>	<u>1,354,341</u>	<u>957,579</u>
<b>EXPENSES</b>				
Salaries and wages	447,960	-	447,960	390,074
Annual convention	338,084	-	338,084	4,645
Professional fees	258,230	-	258,230	257,676
Travel	55,117	-	55,117	35
Memberships and licenses	39,421	-	39,421	39,595
Computer related expenses	21,101	-	21,101	24,354
Insurance	14,944	-	14,944	15,119
Interest and service charges	10,000	-	10,000	9,657
Advertising and promotion	7,340	-	7,340	4,791
Telecommunications	6,057	-	6,057	4,644
Foreign exchange gain or loss	4,378	-	4,378	945
NBAA	4,224	-	4,224	4,208
Rent	3,597	-	3,597	23,162
Office	2,756	-	2,756	2,229
Amortization	2,036	-	2,036	4,496
Special projects	-	22,000	22,000	-
Miscellaneous	-	-	-	554
	<u>1,215,245</u>	<u>22,000</u>	<u>1,237,245</u>	<u>786,184</u>
<b>NET REVENUE (EXPENSES) FOR THE YEAR</b>	<u>\$ 139,096</u>	<u>\$ (22,000)</u>	<u>\$ 117,096</u>	<u>\$ 171,395</u>

**CANADIAN BUSINESS AVIATION ASSOCIATION****STATEMENT OF CASH FLOWS****YEAR ENDED DECEMBER 31, 2022**

	<b>2022</b>	2021
<b>OPERATING ACTIVITIES</b>		
Net revenue (expenses) for the year	\$ 117,096	\$ 171,395
Item not affecting cash:		
Amortization of tangible capital assets	<u>2,036</u>	4,496
	<u>119,132</u>	175,891
Changes in non-cash working capital:		
Accounts receivable	(13,910)	6,710
Accounts payable and accrued liabilities	41,162	(30,435)
Unearned membership revenue	(85,814)	45,216
Prepaid expenses	(8,535)	(3,886)
Government remittances payable	(7,155)	(3,567)
Unearned convention revenue	<u>(39,584)</u>	(1,850)
	<u>(113,836)</u>	12,188
Cash flow from operating activities	<u>5,296</u>	188,079
<b>INVESTING ACTIVITY</b>		
Change in short-term investments	<u>(564,582)</u>	(71,079)
<b>INCREASE (DECREASE) IN CASH</b>	<b>(559,286)</b>	117,000
Cash - beginning of year	<u>1,126,609</u>	1,009,609
<b>CASH - END OF YEAR</b>	<b>\$ 567,323</b>	<b>\$ 1,126,609</b>

**CANADIAN BUSINESS AVIATION ASSOCIATION****NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2022****1. PURPOSE OF THE ASSOCIATION**

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

**(c) Fund Accounting***Special Projects Fund*

The Special Projects Fund is an internally restricted fund created by the Board of Directors during the 2022 fiscal year to account for special projects. The fund was established with an initial transfer from unrestricted net assets in the amount of \$100,000.

**(d) Use of Estimates***(continues)*



**CANADIAN BUSINESS AVIATION ASSOCIATION****NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2022****2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

**(e) 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

**(f) 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.

**(g) 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 opinion that the organization is not exposed to significant interest rate, liquidity, market, currency or credit risks arising from its financial instruments.

**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.

*(continues)*

**CANADIAN BUSINESS AVIATION ASSOCIATION****NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2022****3. FINANCIAL RISKS AND CONCENTRATION OF RISKS (continued)**

## 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.

**4. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 14,532	\$ 14,532	\$ -	\$ -
Computer software	91,071	91,071	-	-
Furniture and fixtures	41,965	41,965	-	2,036
	<u>\$ 147,568</u>	<u>\$ 147,568</u>	<u>\$ -</u>	<u>\$ 2,036</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 \$31,965 (2022 - \$23,580).

**7. COMMITMENTS**

The Association has entered into an agreement with a hotel to provide facilities for a July 2023 conference. The terms of the agreement include minimum purchases towards guest rooms, food and beverage in the amount of \$176,171, 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**

**YEAR ENDED DECEMBER 31, 2022**

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**8. 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 2020 and 2021 annual conferences, the Association has 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.

**9. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with current financial statement presentation.