

**CANADIAN BUSINESS AVIATION ASSOCIATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**



McCay Duff LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

979 Bank Street, Suite 210
Ottawa, ON K1S 5K5
1 (613) 236-2367
Fax: 1 (613) 236-5041

INDEPENDENT AUDITOR'S 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, 2023, 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, 2023, 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, 2023 and December 31, 2022 and current assets and net assets as at December 31, 2023 and December 31, 2022. Our audit opinion on the financial statements for the year ended December 31, 2022 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,
March 20, 2024

CANADIAN BUSINESS AVIATION ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	Unrestricted 2023	Special projects fund 2023	Total 2023	Total 2022
ASSETS				
CURRENT				
Cash	\$ 1,076,892	\$ -	\$ 1,076,892	\$ 567,323
Short-term investments	582,632	-	582,632	1,287,069
Accounts receivable	20,289	-	20,289	15,246
Harmonized sales tax recoverable	2,173	-	2,173	-
Prepaid expenses	34,661	-	34,661	30,609
Due (to) from other funds	(30,700)	30,700	-	-
	<u>\$ 1,685,947</u>	<u>\$ 30,700</u>	<u>\$ 1,716,647</u>	<u>\$ 1,900,247</u>
LIABILITIES				
CURRENT				
Accounts payable	\$ 67,151	\$ -	\$ 67,151	\$ 100,623
Unearned membership revenue	110,950	-	110,950	198,954
Unearned convention revenue	15,369	-	15,369	5,356
	193,470	-	193,470	304,933
CANADIAN EMERGENCY BUSINESS ACCOUNT LOAN (Note 5)	-	-	-	30,000
	193,470	-	193,470	334,933
NET ASSETS	<u>1,492,477</u>	<u>30,700</u>	<u>1,523,177</u>	<u>1,565,314</u>
	<u>\$ 1,685,947</u>	<u>\$ 30,700</u>	<u>\$ 1,716,647</u>	<u>\$ 1,900,247</u>

COMMITMENTS (Note 7)

Approved on behalf of the Board:

IVANO MOSCA

Director

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Isabelle Lafond

Director

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CANADIAN BUSINESS AVIATION ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023

	Unrestricted	Special projects fund	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 1,487,314	\$ 78,000	\$ 1,565,314	\$ 1,448,218
Net revenue (expenses) for the year	5,163	(47,300)	(42,137)	117,096
NET ASSETS - END OF YEAR	\$ 1,492,477	\$ 30,700	\$ 1,523,177	\$ 1,565,314

CANADIAN BUSINESS AVIATION ASSOCIATION

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2023

	Unrestricted fund 2023	Special projects fund 2023	Total 2023	Total 2022
REVENUES				
Membership fees (Note 6)	\$ 644,577	\$ -	\$ 644,577	\$ 823,637
Annual convention	530,917	-	530,917	513,755
Investment income (loss)	91,755	-	91,755	(36,218)
Sponsorship	100,170	-	100,170	35,150
Publications and subscriptions	-	-	-	18,017
	<u>1,367,419</u>	<u>-</u>	<u>1,367,419</u>	<u>1,354,341</u>
EXPENSES				
Salaries and wages	540,548	-	540,548	447,960
Convention expenses	353,957	-	353,957	338,084
Professional fees	204,779	-	204,779	258,230
Travel	99,766	-	99,766	55,117
Special projects	-	47,300	47,300	22,000
Business taxes, licenses and memberships	52,286	-	52,286	39,421
Computer related expenses	23,202	-	23,202	21,101
Advertising and promotion	41,879	-	41,879	7,340
Insurance	19,085	-	19,085	14,944
Meetings	8,955	-	8,955	-
Interest and bank charges	6,044	-	6,044	10,000
Office	4,434	-	4,434	2,756
Telecommunications	4,392	-	4,392	6,057
Rent	3,873	-	3,873	3,597
Foreign exchange gains (losses)	(944)	-	(944)	4,378
NBAA	-	-	-	4,224
Amortization	-	-	-	2,036
	<u>1,362,256</u>	<u>47,300</u>	<u>1,409,556</u>	<u>1,237,245</u>
NET REVENUE (EXPENSES) FOR THE YEAR	<u>\$ 5,163</u>	<u>\$ (47,300)</u>	<u>\$ (42,137)</u>	<u>\$ 117,096</u>

CANADIAN BUSINESS AVIATION ASSOCIATION**STATEMENT OF CASH FLOWS****YEAR ENDED DECEMBER 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Net revenue (expenses) for the year	\$ (42,137)	\$ 117,096
Item not affecting cash:		
Amortization of tangible capital assets	-	2,036
	<u>(42,137)</u>	<u>119,132</u>
Changes in non-cash working capital:		
Accounts receivable	(5,043)	(13,910)
Accounts payable	(33,472)	41,162
Prepaid expenses	(4,052)	(8,535)
Harmonized sales tax payable/recoverable	(2,173)	(7,155)
Unearned membership revenue	(88,004)	(85,814)
Unearned convention revenue	10,013	(39,584)
	<u>(122,731)</u>	<u>(113,836)</u>
Cash flow from (used by) operating activities	<u>(164,868)</u>	<u>5,296</u>
INVESTING ACTIVITY		
Change in Short-term investments	<u>704,437</u>	<u>(564,582)</u>
FINANCING ACTIVITY		
Repayment of Canadian Emergency Business Account	<u>(30,000)</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	509,569	(559,286)
Cash - beginning of year	<u>567,323</u>	<u>1,126,609</u>
CASH - END OF YEAR	\$ 1,076,892	\$ 567,323

CANADIAN BUSINESS AVIATION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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.

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CANADIAN BUSINESS AVIATION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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.

(e) Financial instruments

The Association's financial instruments consist of cash, short-term investments, accounts receivable, harmonized sales tax recoverable and accounts payable and accrued liabilities.

Measurement

Financial instruments are recorded at fair value on initial recognition.

The Association subsequently measures its financial instruments as follows:

Cash, accounts receivable, harmonized sales tax recoverable and accounts payable and accrued liabilities 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 (expenses) 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 (expenses).

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.

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CANADIAN BUSINESS AVIATION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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	2023 Net book value	2022 Net book value
Computer equipment	\$ 14,532	\$ 14,532	\$ -	\$ -
Computer software	91,071	91,071	-	-
Furniture and fixtures	41,965	41,965	-	-
	\$ 147,568	\$ 147,568	\$ -	\$ -

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. The loan was repaid in 2023.

6. MEMBERSHIP FEES

Membership fee revenues are presented net of agency fees paid in the amount of \$12,114 (2022 - \$31,965).

7. COMMITMENTS

The Association has entered into an agreement with a hotel to provide facilities for a June 2024 conference. The terms of the agreement include minimum purchases towards guest rooms, food and beverage in the amount of \$229,760, 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.