

**ROYAL CANADIAN AIR FORCE ASSOCIATION/
ASSOCIATION DE L'AVIATION ROYALE CANADIENNE**

FINANCIAL STATEMENTS

JUNE 30, 2025

INDEPENDENT AUDITOR'S REPORT

To the Members of the Royal Canadian Air Force Association/Association de l'Aviation Royale Canadienne:

Opinion

I have audited the financial statements of the Royal Canadian Air Force Association/Association de l'Aviation Royale Canadienne ("the Association"), which comprise the balance sheet as at June 30, 2025, and the statements of operations, change 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2025, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNPO).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Association in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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.

Ted R. Lupinski, B.Sc. (McGill), M.B.A. (McGill), C.P.A. (Ontario Life Member)

2-137 Second Avenue, Ottawa, Ontario, Canada K1S 2H4 Tel: 613.233.7771 Fax: 613.233.3442 Email: tedlupinski@rogers.com

*operating as Ted R. Lupinski, C.P.A. Professional Corporation

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.
- 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 I identify during my audit.



Ottawa, October 27, 2025

Ted R. Lupinski, C.P.A. Professional Corporation,
Authorized to practice public accounting by CPA Ontario

ROYAL CANADIAN AIR FORCE ASSOCIATION
ASSOCIATION DE L'AVIATION ROYALE CANADIENNE

BALANCE SHEET - JUNE 30, 2025

ASSETS

	<u>2025</u>	<u>2024</u>
<u>Current Assets</u>		
Cash	\$ 226,700	\$ 336,000
Accounts receivable	1,043	16,370
Inventory	12,275	30,970
Prepaid expenses	-	6,259
	<u>240,018</u>	<u>389,599</u>
<u>Capital Assets</u>	<u>-</u>	<u>729</u>
	<u>\$ 240,018</u>	<u>\$ 390,328</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued liabilities	\$ 36,922	\$ 53,493
Payroll and withholding taxes	-	-
Deferred revenue	<u>41,780</u>	<u>77,052</u>
	<u>78,702</u>	<u>130,545</u>

Net Assets

Invested in capital assets	-	729
Unrestricted surplus	<u>161,316</u>	<u>259,054</u>
	<u>161,316</u>	<u>259,783</u>
	<u>\$ 240,018</u>	<u>\$ 390,328</u>

APPROVED BY THE NATIONAL EXECUTIVE COUNCIL

Director

Director

ROYAL CANADIAN AIR FORCE ASSOCIATION
ASSOCIATION DE L'AVIATION ROYALE CANADIENNE

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Invested in capital assets</u>	<u>Unrestricted surplus</u>	<u>Total 2025</u>	<u>Total 2024</u>
<u>Balance - beginning of year</u>	\$ 729	\$ 259,054	\$ 259,783	\$ 329,623
Excess of (expenses over revenue)	-	(98,467)	(98,467)	(69,840)
Capital assets liquid (note 6)	<u>(729)</u>	<u>729</u>	<u>-</u>	<u>-</u>
<u>Balance - end of year</u>	<u>\$ -</u>	<u>\$ 161,316</u>	<u>\$ 161,316</u>	<u>\$ 259,783</u>

ROYAL CANADIAN AIR FORCE ASSOCIATION
ASSOCIATION DE L'AVIATION ROYALE CANADIENNE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2025

	<u>2025</u>	<u>2024</u>
<u>Revenue</u>		
Membership dues and subscriptions	\$ 125,293	\$ 144,501
Non-member subscriptions	388	453
Air Force Day on the Hill	-	23,162
Donations	55	22,773
Grant	50,362	55,698
Royalties	54,699	68,511
Sales	15,183	33,330
Investment income	-	6,569
Other	4,492	4,770
	<u>250,472</u>	<u>359,767</u>
<u>Expenses</u>		
Advertising and promotion	956	486
Air Force Day on the Hill	-	12,858
Amortization	-	695
BGM	2,577	2,007
Cost of sales	20,788	22,683
Insurance	2,454	3,549
Interest, bank and credit card charges	635	2,574
Memberships	1,662	2,422
National Executive Council meetings and travel	3,217	9,357
Office	18,405	27,533
Postage and delivery	14,698	23,650
Professional fees	8,522	9,114
Publications	20,128	35,094
Rent	17,218	18,207
Salaries, contract services and benefits	226,977	248,289
Telephone	6,205	6,215
Travel	4,497	4,874
	<u>348,939</u>	<u>429,607</u>
<u>Excess of (expenses over revenue)</u>	<u>\$ (98,467)</u>	<u>\$ (69,840)</u>

ROYAL CANADIAN AIR FORCE ASSOCIATION
ASSOCIATION DE L'AVIATION ROYALE CANADIENNE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2025

	<u>2025</u>	<u>2024</u>
<u>Cash provided by operating activities</u>		
Excess of (expenses over revenue)	\$ (98,467)	\$ (69,840)
Item not affecting cash balances		
Amortization of capital assets	-	695
Capital assets liquid	729	-
Net change in other non-cash working capital	<u>(11,562)</u>	<u>32,922</u>
	<u>(109,300)</u>	<u>(36,223)</u>
<u>Investing activities</u>		
Proceeds from sales of investments	<u>-</u>	<u>200,000</u>
	<u>-</u>	<u>200,000</u>
<u>Financing activities</u>		
Decrease in long-term debt	<u>-</u>	<u>(10,000)</u>
<u>Change in cash and cash equivalents</u>	(109,300)	153,777
<u>Cash and cash equivalents, beginning of year</u>	<u>336,000</u>	<u>182,223</u>
<u>Cash and cash equivalents, end of year</u>	<u>\$ 226,700</u>	<u>\$ 336,000</u>

ROYAL CANADIAN AIR FORCE ASSOCIATION
ASSOCIATION DE L'AVIATION ROYALE CANADIENNE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

1. Description

The Royal Canadian Air Force Association/Association de l'Aviation royale canadienne (the "Association") purpose is to provide a forum for serving current and former participants in military aviation and their contemporaries in civil aviation. The Association was originally incorporated under the Canada Corporation Act and during the 2015 fiscal year it received a certificate of continuance under the Canada Not-for-profit Corporations Act. The Association is exempt from income taxes under the Income Tax Act.

The certificate of continuance issued October 17, 2014 changed the name of the organization from Air Force Association of Canada to Royal Canadian Air Force Association/Association de l'Aviation royale canadienne

2. Significant accounting policies

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition:

Membership dues and sponsorship revenue is recognized in the period to which they relate. Amounts received in advance are recorded as deferred revenue.

Advertising, magazine sales, merchandise sales, national convention, donations and other revenue are recorded in the period in which the service is provided.

Investment revenue is comprised of interest from fixed income investments.

(b) Royal Canadian Air Force Association Trust:

These financial statements do not include the accounts of the Royal Canadian Air Force Association Trust (the "Trust") since this fund cannot be utilized by the Association for its operations. The Trust is affiliated with the Royal Canadian Air Force Association/Association de l'Aviation Royale Canadienne, created in accordance with the Trust Agreement, and is responsible for raising and distributing funds at the national level for the Association's charitable programs. The entities share office space and administrative services. The Trust is a registered charitable organization. As at June 30, 2025, the Trust held assets of \$141,516, liabilities of \$56,081 and equity of \$85,435. Revenue for the year ending June 30, 2025 was \$93,076 and total expenses were \$97,332. These figures have not been subject to audit.

ROYAL CANADIAN AIR FORCE ASSOCIATION
ASSOCIATION DE L'AVIATION ROYALE CANADIENNE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

(c) Groups and Wings:

These financial statements do not include the accounts of the Groups and Wings of the Association.

(d) Inventory:

Inventory is stated at the lower of cost and next realizeable value. Cost is determined on the first-in, first-out basis.

(e) 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 amounts recorded in the financial statements. These estimates are based on management's best knowledge of current events and actions that the organization may undertake in the future. Actual results could differ from those estimates.

(f) Donated materials and services:

Donated materials and services are not recognized in the accounts, unless they would otherwise be purchased.

3. Financial instruments

Cash, accounts receivable, accounts payable and accrued liabilities and deferred revenue are financial instruments with a market value presumed to be equal to their book value because of their short-term nature. It is management's opinion that the entity is not exposed to significant interest rate, currency, liquidity or credit risks arising from these financial instruments.

4. Related parties transactions

The entity has concluded transactions with its employees and its National Executive Council. These transactions have occurred in the current course of business.

5. Other financial information

The entity closed its office on June 30, 2025. Furniture and equipment were given away.