

(Unaudited)

ROYAL CANADIAN AIR FORCE ASSOCIATION TRUST

FINANCIAL STATEMENTS

JUNE 30, 2018

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Trustees of the Royal Canadian Air Force Association Trust:

I have reviewed the accompanying financial statements of the Royal Canadian Air Force Association Trust that comprise the balance sheet as at June 30, 2018 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's Responsibility


My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that cause me to believe that the financial statements do not present fairly, in all material respects, the financial position of the Royal Canadian Air Force Association Trust as at June 30, 2018 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.



Ottawa, August 30, 2018

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

Ted R. Lupinski, B.Sc., M.B.A., C.P.A., C.A.*

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ROYAL CANADIAN AIR FORCE ASSOCIATION TRUST

BALANCE SHEET - JUNE 30, 2018

ASSETS

| | <u>2018</u> | <u>2017</u> |
|-----------------------|------------------|------------------|
| <u>Current Assets</u> | | |
| Cash - unrestricted | \$ 20,663 | \$ 15,389 |
| - restricted (note 2) | 37,361 | 47,388 |
| Accounts receivable | 654 | 1,439 |
| Investments | <u>23,973</u> | <u>28,566</u> |
| | <u>\$ 82,651</u> | <u>\$ 92,782</u> |

LIABILITIES

| | | |
|--|---------------|---------------|
| <u>Current Liabilities</u> | | |
| Accounts payable and accrued liabilities | \$ 3,410 | \$ 3,300 |
| Deferred contributions (note 5) | <u>37,361</u> | <u>47,388</u> |
| | 40,771 | 50,688 |

NET ASSETS

| | | |
|-------------------|------------------|------------------|
| <u>Net Assets</u> | <u>41,880</u> | <u>42,094</u> |
| | <u>\$ 82,651</u> | <u>\$ 92,782</u> |

SIGNED ON BEHALF OF THE TRUST

Trustee

Trustee

TL Ted R Lupinski

 **CPA** CHARTERED
PROFESSIONAL
ACCOUNTANT

(Unaudited)

ROYAL CANADIAN AIR FORCE ASSOCIATION TRUST

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2018

| | <u>2018</u> | <u>2017</u> |
|--|------------------|------------------|
| <u>Balance, beginning of year</u> | \$ 42,094 | \$ 38,251 |
| <u>Excess of (expenses over revenue) revenue over expenses</u> | <u>(214)</u> | <u>3,843</u> |
| <u>Balance, end of year</u> | <u>\$ 41,880</u> | <u>\$ 42,094</u> |

(Unaudited)

ROYAL CANADIAN AIR FORCE ASSOCIATION TRUST

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED JUNE 30, 2018

| | <u>2018</u> | <u>2017</u> |
|--|------------------|-------------------|
| <u>Revenue</u> | | |
| Contributions | | |
| Individuals (Undesignated) | \$ 7,264 | \$ 7,883 |
| Individuals (for 111 Wing Centennial of Flight Memorial) | 500 | - |
| Individuals (for 397 Wing) | - | 1,175 |
| Individuals (for 427 Association-Cenotaph Fund) | 760 | 483 |
| Individuals (for 427 Squadron Association) | 145 | 200 |
| Individuals (for 427 London Wing) | 8,955 | 7,150 |
| Individuals (for Bomber Command Memorial) | 222 | 98 |
| Individuals (for Air Cadet Flying Scholarship) | - | 500 |
| Humanitarian Operation | - | 5 |
| 111 Wing Centennial of Flight Memorial | 1,392 | - |
| 408 Squadron Association | - | 1,017 |
| 427 Squadron Association-Cenotaph Fund | 86,364 | 104,151 |
| Air Cadet League of Canada | - | 2,000 |
| Bomber Command Memorial | 7,337 | 1,300 |
| Bomber Command-Lincolnshire | 2,581 | 1,505 |
| The Canadian Warplane Heritage Museum | 1,500 | 7,655 |
| The Patron's fund | - | 4,021 |
| Investment income | 270 | 219 |
| | <u>117,290</u> | <u>139,362</u> |
| <u>Expenses</u> | | |
| Grant to 408 Goose Squadron Association | - | 960 |
| Grant to 427 Squadron Association-Cenotaph Fund | 84,888 | 104,151 |
| Carried forward | <u>\$ 84,888</u> | <u>\$ 105,111</u> |

(Unaudited)

ROYAL CANADIAN AIR FORCE ASSOCIATION TRUST

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED JUNE 30, 2018

Expenses

| | | |
|--|-----------------|-----------------|
| Brought forward | \$ 84,888 | \$ 105,111 |
| Grant to 397 Wing | - | 3,022 |
| Grant to 427 London Wing | 8,135 | 6,867 |
| Grant to 111 Wing Centennial of Flight Memorial | 2,829 | - |
| Grant to Air Cadet League of Canada | - | 2,000 |
| Grant to University of Victoria-Military History Project | - | 1,000 |
| Vimy Flight | - | 1,000 |
| The Canadian Warplane Heritage Museum | 2,948 | 7,247 |
| The Canadian Warplane Heritage Museum-Soldier On | - | 3,299 |
| Bomber Command Memorial general expenses | 7,559 | 98 |
| Bomber Command-Lincolnshire | 2,359 | 1,505 |
| Travel | 1,700 | - |
| Office | 3,529 | - |
| Bank charges | 167 | 180 |
| Professional fees | 3,390 | 4,190 |
| | <u>117,504</u> | <u>135,519</u> |
| <u>Excess of (expenses over revenue) revenue over expenses</u> | <u>\$ (214)</u> | <u>\$ 3,843</u> |

(Unaudited)

ROYAL CANADIAN AIR FORCE ASSOCIATION TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

| | <u>2018</u> | <u>2017</u> |
|---|------------------|------------------|
| OPERATING ACTIVITIES | | |
| Excess of (expenses over revenue) revenue over expenses | \$ (214) | \$ 3,843 |
| Net change in non-cash working capital items | (4,539) | 19,051 |
| | <u>(4,753)</u> | <u>22,894</u> |
| INVESTING ACTIVITIES | <u>-</u> | <u>-</u> |
| FINANCING ACTIVITIES | <u>-</u> | <u>-</u> |
| NET CHANGE IN CASH | (4,753) | 22,894 |
| CASH, BEGINNING OF YEAR | <u>62,777</u> | <u>39,883</u> |
| CASH, END OF YEAR | <u>\$ 58,024</u> | <u>\$ 62,777</u> |

ROYAL CANADIAN AIR FORCE ASSOCIATION TRUST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

PURPOSE OF THE ORGANIZATION

The Royal Canadian Air Force Association Trust (the "Trust") is affiliated with the Royal Canadian Air Force Association of Canada/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 Trust is a registered charitable organization.

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Revenue Recognition

The Trust 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.

(b) Volunteer Services

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

(c) Financial Instruments

The Trust's financial instruments consist of cash, investments due from the Royal Canadian Air Force Association of Canada/Association de l'Aviation royale canadienne and accounts payable and accrued liabilities.

It is management's opinion that the Trust is not exposed to significant interest rate, currency, liquidity or credit risks arising from these financial instruments.

ROYAL CANADIAN AIR FORCE ASSOCIATION TRUST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from management's best estimates as additional information become available in the future.

(e) Investments

Investments consist of a mutual fund recorded at fair market value.

2. CASH RESTRICTED

During the year the Trust acted as administrator for the projects of the Typhoon Memorial Maintenance Fund, Bomber Command Memorial, RAF Leeming Service, Bomber Command Memorial Book, Battle of Britain Fund, 408 Squadron Association, Air Cadet Medals, Air Cadet League of Canada, Air Force Museum, 427 Squadron Cenotaph Fund, the Vimy Flight, 410 Wings, 427 Squadron Association, Benevolence Fund, Canadian Warplane Heritage Museum and the RCAF Association Ambassador Fund. Funds held in the Trust bank account relating to these projects which have not yet been disbursed are recorded in deferred revenue (note 5). The amounts will be recognized as revenue and expenses when the funds are disbursed.

3. RELATED PARTY TRANSACTIONS

The Royal Canadian Air Force Association Trust is affiliated with the Royal Canadian Air Force Association of Canada/Association de l'Aviation royale canadienne. The entities share office space and administrative services.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Trust had no liability for either sales taxes or payroll and withholding taxes on its balance sheet.

(Unaudited)

ROYAL CANADIAN AIR FORCE ASSOCIATION TRUST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

5. DEFERRED CONTRIBUTIONS

| | Balance - beginning of year | Amounts received during the year | Amounts recognized as revenue during the year | Amounts transferred to another project during the year | Balance - end of year |
|-----------------------------------|-----------------------------------|---|---|---|--------------------------|
| Typhoon Memorial Maintenance | \$ 8,100 | \$ - | \$ - | \$ - | \$ 8,100 |
| Bomber Command Memorial | 2,763 | 6,271 | (7,559) | 2,205 | 3,680 |
| RAF Leeming Service | 2,205 | - | - | (2,205) | - |
| Bomber Command Memorial Book | 658 | - | (658) | - | - |
| Battle of Britain | 100 | - | - | - | 100 |
| 408 Squadron Association | - | 96 | - | - | 96 |
| Air Cadet Medals | 5,881 | - | - | - | 5,881 |
| Air Cadet League of Canda | 6,116 | 3,678 | - | - | 9,794 |
| Air Force Museum | 347 | 313 | - | - | 660 |
| 427 Squadron Cenotaph Fund | 21,168 | 65,196 | (86,364) | - | - |
| Vimy Flight | 50 | - | - | - | 50 |
| 410 Wings | - | 5,788 | - | - | 5,788 |
| 427 Squadron Association | - | 4 | - | - | 4 |
| Benevolence Fund | - | 1,920 | - | - | 1,920 |
| Canadian Warplane Heritage Museum | - | 48 | - | - | 48 |
| RCAF Association Ambassador Fund | - | 1,240 | - | - | 1,240 |
| | <u>\$ 47,388</u> | <u>\$ 84,554</u> | <u>\$ (94,581)</u> | <u>\$ -</u> | <u>\$ 37,361</u> |

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