

**COPA FLIGHT SAFETY FOUNDATION**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**Independent Auditors' Report**  
**Statement of Financial Position**  
**Statement of Revenue and Expenses and Changes in Net Assets**  
**Statement of Cash Flows**  
**Notes to Financial Statements**



## INDEPENDENT AUDITOR'S REPORT

To the Directors of:  
COPA Flight Safety Foundation

### Report on the Financial Statements

We have audited the accompanying financial statements of COPA Flight Safety Foundation, which comprise the statement of financial position as at December 31, 2017, and the statement of operations, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Qualified Opinion

In common with similar organizations, the Foundation derives revenue from the general public in the form of contributions and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary.

### Qualified Opinion

In our qualified opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of COPA Flight Safety Foundation as at December 31, 2017, 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.

A handwritten signature in black ink that reads "Frouin Group".

Frouin Group

Frouin Group Professional Corporation  
Ottawa, ON  
April 14, 2018

Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

FROUIN GROUP PROFESSIONAL CORPORATION

CHARTERED PROFESSIONAL ACCOUNTANTS

2301 Carling Avenue, Suite 101, Ottawa, ON K2B 7G3

Tel: 613-230-1022 Fax: 613-230-2954

**COPA FLIGHT SAFETY FOUNDATION**  
**AUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2017**

	<b>General Fund</b>	<b>Neil Armstrong Fund</b>	<b>Total</b>	
			<b>2017</b>	<b>2016</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 0	\$ 2,698	\$ 2,698	\$ 55,541
Short-term investment (Note 4)	25,782	31,796	57,578	56,033
Receivable from COPA (Note 5)	<u>4,636</u>	<u>0</u>	<u>4,636</u>	<u>3,651</u>
	30,418	34,494	64,912	115,225
<b>LONG-TERM INVESTMENTS (Note 4)</b>	<u>0</u>	<u>135,664</u>	<u>135,664</u>	<u>56,312</u>
<b>TOTAL ASSETS</b>	<u>\$ 30,418</u>	<u>\$ 170,158</u>	<u>\$ 200,576</u>	<u>\$ 171,537</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>CURRENT LIABILITIES</b>				
Due to COPA (Note 5)	\$ <u>0</u>	\$ <u>3,363</u>	\$ <u>3,363</u>	\$ <u>3,838</u>
<b>FUND BALANCES</b>				
General Fund	30,418	0	30,418	1,872
Neil Armstrong Fund - internally restricted	0	55,591	55,591	54,623
Neil Armstrong Fund - endowment	<u>0</u>	<u>111,204</u>	<u>111,204</u>	<u>111,204</u>
	<u>30,418</u>	<u>166,795</u>	<u>197,213</u>	<u>167,699</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 30,418</u>	<u>\$ 170,158</u>	<u>\$ 200,576</u>	<u>\$ 171,537</u>

**APPROVED ON BEHALF OF THE BOARD :**

Director \_\_\_\_\_

Director \_\_\_\_\_

(See accompanying Notes to Financial Statements)

**COPA FLIGHT SAFETY FOUNDATION**  
**AUDITED STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>General Fund</b>	<b>Neil Armstrong Fund</b>	<b>Total</b>	
			<b>2017</b>	<b>2016</b>
<b>REVENUE</b>				
Donations	\$ 28,546	\$ 6,006	\$ 34,552	\$ 17,744
Investment income	<u>0</u>	<u>9,245</u>	<u>9,245</u>	<u>2,922</u>
	<u>28,546</u>	<u>15,251</u>	<u>43,797</u>	<u>20,666</u>
<b>EXPENSES</b>				
Scholarships	0	12,000	12,000	9,000
Investment fees	0	1,262	1,262	0
Travel expense	0	1,021	1,021	0
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>129</u>
	<u>0</u>	<u>14,283</u>	<u>14,283</u>	<u>9,129</u>
<b>NET INCOME FOR THE YEAR</b>	28,546	968	29,514	11,537
Fund balances, beginning of the year	<u>1,873</u>	<u>165,827</u>	<u>167,698</u>	<u>156,160</u>
<b>FUND BALANCES - END OF YEAR</b>	<b><u>\$ 30,419</u></b>	<b><u>\$166,795</u></b>	<b><u>\$197,212</u></b>	<b><u>\$167,697</u></b>

(See accompanying Notes to Financial Statements)

**COPA FLIGHT SAFETY FOUNDATION**  
**AUDITED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year	\$ 29,514	\$ 11,537
Net change in non-cash working capital	<u>(1,460)</u>	<u>(12,850)</u>
	<u>28,054</u>	<u>(1,313)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase (Decrease) in long-term investment	(79,352)	53,661
Increase (Decrease) in short-term investment	<u>(1,545)</u>	<u>(1,168)</u>
	<u>(80,897)</u>	<u>52,493</u>
<b>INCREASE IN CASH AND EQUIVALENTS</b>	<b>(52,843)</b>	51,180
<b>CASH, beginning of year</b>	<u>55,541</u>	<u>4,361</u>
<b>CASH, end of year</b>	<u>\$ 2,698</u>	<u>\$ 55,541</u>
<b>REPRESENTED BY</b>		
Cash	<u>\$ 2,698</u>	<u>\$ 55,541</u>

(See accompanying Notes to Financial Statements)

**COPA FLIGHT SAFETY FOUNDATION**  
**NOTES TO AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. PURPOSE OF THE ORGANIZATION**

The COPA Flight Safety Foundation is engaged in the solicitation of monies to promote flight safety by means of a monthly safety bulletin publication. The Foundation was incorporated under the Canada Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act and therefore not subject to tax.

The financial statements of the Foundation have not been consolidated with those of the Canadian Owners and Pilots Association (COPA).

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

**a) Estimates and assumptions**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Actual results may differ from those estimates.

**b) Investments**

Investments are measured at fair value at each reporting date, with gains and losses recognized in the statement of revenues and expenses as part of investment income.

**c) Fund accounting**

Revenues and expenses related to program delivery and administrative activities are reported in the General Fund.

The Neil Armstrong Fund is an internally restricted fund which solicits donations in order to provide scholarships to train young people. The fund was set up in memory of Neil J. Armstrong, a past board member of COPA.

Endowment contributions are reported in the Neil Armstrong Fund. Investment income earned on endowment resources is reported in the Neil Armstrong Fund but does not increase the endowment portion.

**d) Revenue recognition**

The Foundation follows the deferral method of accounting for contributions whereby restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in the Endowment Fund balance.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

**COPA FLIGHT SAFETY FOUNDATION**  
**NOTES TO AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**3. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying value of cash, short-term investments and amounts due to COPA approximate their fair value due to the relatively short period to maturity of the instruments. Long-term investments are carried at fair value. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest or currency risks arising from these financial instruments.

The Foundation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Foundation's maximum exposure to credit risk represents the sum of the carrying value of its cash, short and long-term investments. The cash is deposited with a Canadian chartered bank and a major investment broker and as a result management believes the risk of loss on this item is remote. Management reduces the credit risk attributable to its short and long-term investments by investing in conservative investments.

**4. INVESTMENTS**

				2017	2016
	Initial Cost	Maturity Date	Yield	Fair Value	Fair Value
<b>Short-term investments</b>					
National Trust annual cpd GIC	53,242	26-06-18	2.25%	\$ 57,578	\$ 0
Montreal Trust annual cpd GIC	53,242	26-06-17	2.05%	<u>0</u>	<u>56,033</u>
				<u>57,578</u>	<u>56,033</u>
<b>Long-term investments</b>					
National Trust annual cpd GIC	53,242	26-06-18	2.25%	0	56,312
Bombardier 6.25% S4 CM PF	19,562	N/A	N/A	20,070	0
RBC High Yield Bond	9,256	N/A	N/A	9,174	0
BMO INTL Dividend ETF	10,101	N/A	N/A	9,878	0
BMO US Dividend ETF	15,633	N/A	N/A	16,374	0
Horizons Active Cdn Div ETF	18,003	N/A	N/A	18,537	0
Horizons E/I US EQ-E ETF	7,826	N/A	N/A	8,003	0
Ishares Core S&P 500	15,338	N/A	N/A	16,764	0
Ishares Core S&P/TSX Capped	18,249	N/A	N/A	19,283	0
Vanguard FTSE Developed ETF	8,475	N/A	N/A	9,217	0
BMO Equal Weight Reits ETF	8,108	N/A	N/A	8,364	0
				<u>135,664</u>	<u>56,312</u>
<b>Total investments</b>				<u>\$ 193,242</u>	<u>\$ 112,345</u>

**COPA FLIGHT SAFETY FOUNDATION**  
**NOTES TO AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**5. RELATED PARTIES**

The Foundation is controlled by the Canadian Owners and Pilots Association (COPA). Membership in the Foundation is limited to the directors of COPA and its directors must be either officers or directors from the Executive Committee of COPA.

The Foundation shares accommodations with COPA, which provides office personnel, telephone and other services. The Foundation's Neil Armstrong Fund owes COPA \$3,363 and COPA owes the General Fund \$4,636, for a net receivable from COPA of \$1,274 (2016 - Payable of \$186).

COPA now absorbs general costs on behalf of the Foundation including the Foundation's portion of the audit fee.

**6. FINANCIAL RISK MANAGEMENT POLICY**

COPA Flight Safety Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at December 31, 2017:

**a) Credit risk**

Credit risk associated with their investments is minimized by investing these assets in GICs and widely traded equity investments. An ongoing review is performed to evaluate changes in the status of investments under the Foundation's investment policy.

**b) Currency risk**

The Foundation's functional currency is the Canadian dollar. The Foundation does not enter into foreign currency transactions and does not use foreign exchange forward contracts.

**c) Liquidity risk**

The Foundation manages its liquidity risk by regularly monitoring forecasted and actual cash flow and financial liability maturities, and by holding assets that can be readily converted into cash. Accounts payable are normally paid within 30 days.

**d) Interest rate risk**

The Foundation is exposed to interest rate risk with regards to its cash and short-term and long-term investments. The Foundation has no interest-bearing liability. Fluctuations in market rates of interest on cash do not have a significant impact on the organization's results of operations. GICs have a low interest rate risk due to their short-term nature. Therefore, this risk does not have a significant impact.