

CANADIAN OWNERS AND PILOTS ASSOCIATION
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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


INDEPENDENT AUDITORS' REPORT

To the Directors of:
Canadian Owners and Pilots Association

Opinion

We have audited the financial statements of Canadian Owners and Pilots Association, which comprise the statement of financial position as at December 31, 2023, and the statement of operations, statement of changes in net assets and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Owners and Pilots 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.

Basis for Opinion

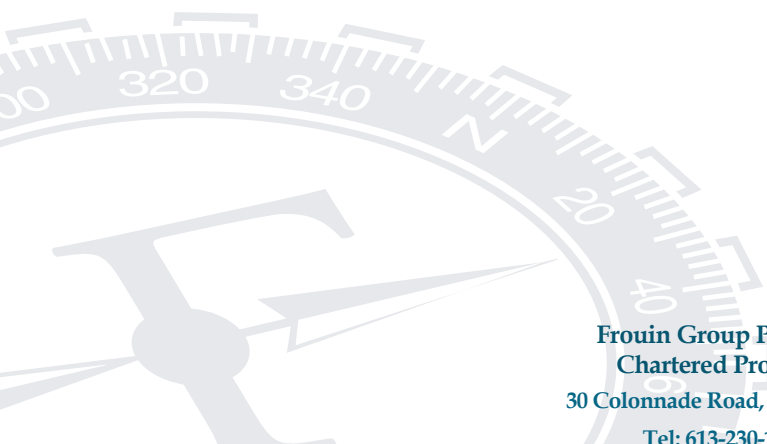
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the entity in accordance with the 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 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 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



Auditors' Responsibilities for the Audit of 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 auditors' 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 audit 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 controls.
- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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 matter 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.



Frouin Group Professional Corporation
Ottawa Ontario
May 17, 2024

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

FROUIN
GROUP

CANADIAN OWNERS AND PILOTS ASSOCIATION
AUDITED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 349,703	\$ 825,117
Short-term investments (Note 6)	309,865	0
Accounts receivable	26,458	35,728
Due from COPA Flight Safety Foundation (Note 7)	81,531	46,723
Inventory	0	53,516
Prepaid expenses	<u>39,077</u>	<u>105,884</u>
	806,634	1,066,968
LONG-TERM INVESTMENTS (Note 6)	2,382,894	2,125,251
PROPERTY AND EQUIPMENT (Notes 2b and 5)	<u>8,760</u>	<u>12,125</u>
TOTAL ASSETS	<u>\$ 3,198,288</u>	<u>\$ 3,204,344</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 154,391	\$ 104,158
Canada Emergency Business Account (CEBA) loan (Note 9)	40,000	60,000
Due to COPA Special Action Fund (Note 7)	25,077	27,726
Government remittances payable	10,360	140,135
Deferred memberships (Note 2c)	858,361	875,155
Deferred lease inducement	<u>4,844</u>	<u>8,719</u>
	1,093,033	1,215,893
NET ASSETS		
Internally-restricted to general reserve	1,500,000	1,500,000
Invested in capital assets	8,760	12,125
Unrestricted	<u>596,495</u>	<u>476,326</u>
	2,105,255	1,988,451
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,198,288</u>	<u>\$ 3,204,344</u>

APPROVED ON BEHALF OF THE BOARD:

Director _____

Director _____

(See accompanying Notes to Financial Statements)

CANADIAN OWNERS AND PILOTS ASSOCIATION
AUDITED STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
REVENUES		
Memberships	\$ 876,528	\$ 896,403
COPA Flight Safety Foundation	35,000	35,000
Safety promotion support	421,261	459,311
Membership programs	124,515	122,701
Search and Rescue New Initiatives Fund	79,373	0
COPA collection	0	7,902
Management fees	24,622	10,974
Event fees	12,500	67,894
Government assistance (Note 9)	20,000	0
Other	444	0
	<u>1,594,243</u>	<u>1,600,185</u>
EXPENSES		
Salaries and benefits	701,499	635,543
Publishing	99,422	94,490
Bad debt expense	6,400	7,154
Office rent	62,721	54,936
Travel	45,115	42,553
Meeting and directors' expenses	133,402	44,378
Insurance	50,165	43,055
Office and administration	127,779	220,010
Bank and service fees	118,767	95,065
Promotion	88,218	96,149
Professional fees	147,674	122,365
Event expenses	31,294	83,753
Contributions to Freedom to Fly (Note 7)	0	33,559
Membership	10,684	9,719
Amortization of capital assets (Note 2b)	6,680	6,676
Search and Rescue New Initiatives Fund	78,388	0
Inventory write-off	52,955	0
	<u>1,761,163</u>	<u>1,589,405</u>
EXCESS/(DEFICIT) OF REVENUE OVER EXPENSES FROM OPERATIONS	(166,920)	10,780
Investment income/(loss)	<u>283,724</u>	<u>(218,127)</u>
NET EXCESS/(DEFICIT) FOR THE YEAR	\$ <u>116,804</u>	\$ <u>(207,347)</u>

(See accompanying Notes to Financial Statements)

CANADIAN OWNERS AND PILOTS ASSOCIATION
AUDITED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
NET ASSETS INTERNALLY-RESTRICTED TO GENERAL RESERVE		
Balance - beginning and end of year	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
NET ASSETS INVESTED IN CAPITAL ASSETS		
Balance - beginning of year	\$ 12,125	\$ 16,203
Purchase of capital assets, net of disposals	3,315	2,598
Amortization	<u>(6,680)</u>	<u>(6,676)</u>
Balance - end of year	<u>\$ 8,760</u>	<u>\$ 12,125</u>
UNRESTRICTED NET ASSETS		
Balance - beginning of year	\$ 476,326	\$ 679,595
Net Excess/(deficit) expenses for the year	116,804	(207,347)
Purchase of capital assets, net of disposals	(3,315)	(2,598)
Amortization	<u>6,680</u>	<u>6,676</u>
Balance - end of year	<u>\$ 596,495</u>	<u>\$ 476,326</u>

(See accompanying Notes to Financial Statements)

CANADIAN OWNERS AND PILOTS ASSOCIATION

AUDITED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		
Net Excess/(deficit) expenses for the year	\$ 116,804	\$ (207,347)
Add: Amortization	<u>6,680</u>	<u>6,676</u>
	123,484	(200,671)
Net change in non-cash working capital		
Accounts receivable	9,270	237,054
Due from COPA Special Action Fund	(2,650)	20,360
Due from COPA Flight Safety Foundation	(34,808)	(12,486)
Prepaid expenses	66,807	(17,248)
Inventory	53,517	8,079
Accounts payable and accrued liabilities	(99,541)	187,722
Deferred revenue	<u>(20,669)</u>	<u>(50,484)</u>
	<u>95,410</u>	<u>172,326</u>
INVESTING ACTIVITIES		
Net (purchase)/disposal of capital assets	(3,315)	(2,598)
Net (purchases)/sales of investments	<u>(567,509)</u>	<u>237,252</u>
	<u>(570,824)</u>	<u>234,654</u>
NET INCREASE/(DECREASE) IN CASH DURING THE YEAR		
	(475,414)	406,980
CASH, beginning of year	<u>825,117</u>	<u>418,137</u>
CASH, end of year	<u>\$ 349,703</u>	<u>\$ 825,117</u>
REPRESENTED BY:		
Cash	<u>\$ 349,703</u>	<u>\$ 825,117</u>

(See accompanying Notes to Financial Statements)

CANADIAN OWNERS AND PILOTS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. PURPOSE OF THE ORGANIZATION

The Canadian Owners and Pilots Association is engaged in the promotion of flight safety through education and workshops and raises awareness of important issues facing the flying community. Funds are primarily generated through membership fees which include a portion attributable to a subscription to the COPA Flight newspaper. The Association was incorporated under the Canada Corporations Act as a not-for-profit organization and, as such, is exempt from income tax.

These financial statements do not include the accounts of the COPA Flight Safety Foundation and the COPA Special Action Fund Inc. as detailed in note 7.

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) Capital Assets

Capital assets are recorded at cost. Amortization is provided on the straight-line basis over the assets' estimated useful lives as follows:

Furniture and fixtures	10 years
Computer equipment	3 years
Leasehold improvements	87 months

c) Revenue recognition

The Association follows the deferral method of accounting for revenue. Membership revenue is recognized on a pro-rata basis over the full term of the membership. Deferred membership revenue represents the unexpired portion of memberships received. Publishing revenue is derived from inserts, classified and display advertisements - revenue is recognized when advertisements are published in COPA publications. Revenue from COPA Collection sales are recognized when the goods are delivered. Registration and sponsorship revenue from events is recognized when the event occurs.

CANADIAN OWNERS AND PILOTS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) 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.

e) Net assets internally-restricted as reserves

The general reserve was established by the Board to cover general operating expenses for one year.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash, short-term investments, accounts receivable, due from COPA Special Action Fund Inc., due from COPA Flight Safety Foundation and accounts payable and accrued liabilities approximate their fair value due to the relatively short period to maturity of the instruments. Long-term investments are carried at fair value. It is management's opinion that COPA is not exposed to significant interest or currency risks arising from these financial instruments.

The Association is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Association's maximum exposure to credit risk represents the sum of the carrying value of its cash, short and long term investments, accounts receivable, due from COPA Special Action Fund Inc., and due from COPA Flight Safety Foundation. The Association's 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 term investments by investing in conservative investments. Management believes that most of its accounts receivable at year-end will be collected and, consistent to previous years, has established an allowance for doubtful accounts. Amounts due from COPA Special Action Fund Inc. and due from COPA Flight Safety Foundation are not expected to be a collection problem since they are related parties.

4. COMMITMENTS

The Association has leased office space at an annual rate of rent of approximately \$28,631 per year plus HST and operating costs, effective until March 31, 2025.

The Association has entered into various contracts and leases for office equipment. The approximate annual payments for these contracts is as follows:

2024	\$ 6,844
2025	\$ 2,279

CANADIAN OWNERS AND PILOTS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2023	Net Book Value 2022
Furniture and fixtures	\$ 50,489	\$ (47,761)	\$ 2,728	\$ 3,828
Computer equipment	266,876	(261,018)	5,858	7,426
Leasehold improvements	<u>5,051</u>	<u>(4,877)</u>	<u>174</u>	<u>871</u>
TOTAL	<u>\$ 322,416</u>	<u>\$ (313,656)</u>	<u>\$ 8,760</u>	<u>\$ 12,125</u>

6. INVESTMENTS

	Initial Cost	2023 Fair Value	2022 Fair Value
Short-term investments			
High-Interest Savings	309,865	\$ <u>309,865</u>	\$ <u>0</u>
Long-term investments			
PH&N High Yield Bond-F	196,035	194,341	140,705
BMO MSCI EAFE Index ETF	106,151	118,741	124,476
BMO NASDAQ 100 Equity	74,539	120,562	83,665
NBI Intl High Conviction Equity	85,114	118,721	129,908
NBI U.S. High Conviction Equity	137,015	233,099	220,195
Ishares Core S&P 500 ETF	115,892	234,274	201,869
Ishares Core S&P/TSX ETF	198,130	242,900	303,417
Ishares Core Cdn Corp ETF	190,272	194,340	136,193
NBC Auto Callable Contingent	75,000	71,715	62,063
Ishares Gold Bullion ETF	41,598	48,923	77,116
Ishares Core Cdn ST Bond ETF	284,804	274,889	204,256
Ishares Core MSCI Cdn Qual	238,730	239,949	0
Ishares Core Cdn Univ. ETF	286,552	290,440	0
TD Fixed Income Pool - F Ser.	235,172	0	205,075
Horizons Active Cdn Div ETF	193,735	0	236,313
		<u>2,382,894</u>	<u>2,125,251</u>
TOTAL INVESTMENTS		<u>\$ 2,692,759</u>	<u>\$ 2,125,251</u>

Short-term investments consists of cash held in a high-interest savings account which is used to hold excess cash but also have it readily available for cash flow needs.

CANADIAN OWNERS AND PILOTS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

7. RELATED PARTIES

The Canadian Owners and Pilots Association (COPA) controls the following not-for-profit organizations. In each case, membership in the organization is limited to the directors of COPA and the directors of the controlled organization must be either officers or members of the Executive Committee of COPA. These organizations have not been consolidated in COPA's financial statements, but financial statements for each of the controlled organizations are available upon request.

(a) COPA Flight Safety Foundation (the Foundation) is an organization incorporated under the laws of Canada without share capital. It is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors. The Foundation solicits donations and other funding to promote flight safety by way of an annual safety bulletin publication.

(b) COPA Special Action Fund (the Fund) is an organization incorporated under the laws of Canada without share capital. It is empowered to solicit contributions to be used at the discretion of the Board of Directors to pay legal and other professional fees and expenses in connection with contemplated actions and public relations campaigns as a means to influence and convince all levels of government and their agencies to provide more appropriate and sound aeronautical legislation and regulation.

COPA Flight Safety Foundation	2023	2022
Total Assets	\$ <u>421,483</u>	\$ <u>382,824</u>
Total liabilities	\$ 172,848	\$ 143,847
Fund balances	<u>248,635</u>	<u>238,977</u>
Total liabilities and fund balances	\$ <u>421,483</u>	\$ <u>382,824</u>
Total revenue	\$ 72,745	\$ 17,417
Total expenses	<u>(63,087)</u>	<u>(77,590)</u>
Net revenue/(loss) for the year	\$ <u>9,658</u>	\$ <u>(60,173)</u>
Cash provided / (used) by operating activities	\$ 41,965	\$ (60,187)
Cash provided / (used) in investing activities	<u>(44,133)</u>	<u>40,790</u>
Net change in cash during the year	\$ <u>(2,168)</u>	\$ <u>(19,397)</u>
Net due (to) / from COPA	\$ <u>(81,530)</u>	\$ <u>(46,723)</u>
Administration fees paid to COPA	\$ <u>6,751</u>	\$ <u>3,084</u>

CANADIAN OWNERS AND PILOTS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

7. RELATED PARTIES (CONTINUED)

COPA Special Action Fund Inc. operating as "Freedom to Fly Fund"	2023	2022
Total assets	\$ <u>841,210</u>	\$ <u>760,493</u>
Internally-restricted net assets	\$ 10,000	\$ 10,000
Unrestricted net assets	<u>831,210</u>	<u>750,493</u>
Total liabilities and net assets	\$ <u>841,210</u>	\$ <u>760,493</u>
Total revenue	\$ 108,409	\$ 56,938
Total expenses	<u>(27,692)</u>	<u>(130,841)</u>
Excess of expenses over revenue	\$ <u>80,717</u>	\$ <u>(73,903)</u>
Cash provided / (used) in operating activities	\$ 83,366	\$ (94,263)
Cash provided / (used) in investing activities	<u>(86,107)</u>	<u>142,183</u>
Net increase in cash during the year	\$ <u>(2,741)</u>	\$ <u>47,920</u>
Due (to) / from COPA	\$ <u>25,077</u>	\$ <u>27,726</u>
Administration fees paid to COPA	\$ <u>21,484</u>	\$ <u>9,316</u>

8. FINANCIAL RISK MANAGEMENT POLICY

Canadian Owners and Pilots Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at December 31, 2023:

a) Credit risk

Credit risk associated with their investments is minimized by investing these assets in fixed income investments and widely-traded equities and fixed income funds. An ongoing review is performed to evaluate changes in the status of investments under the Association's investment policy.

CANADIAN OWNERS AND PILOTS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8. FINANCIAL RISK MANAGEMENT POLICY (CONTINUED)

b) Market risk

Market risk is the risk that the fair value or future cash flows of the Association's financial instruments will fluctuate because of changes in market prices. Some of the Association's financial instruments expose it to this risk, which comprises currency risk and interest rate risk.

c) Currency risk

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

d) Liquidity risk

The Association 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.

e) Interest rate risk

The Association is exposed to interest rate risk with regards to its cash and short-term and long-term investments. The Association is also exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest rate instruments subject the Association to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating interest rate instruments subject the Association to changes in related future cash flows.

9. GOVERNMENT ASSISTANCE

To assist in mitigating the impact of the COVID-19 pandemic, the Association had applied for the Canada Emergency Business Account ("CEBA") program. The program provided an interest-free \$60,000 loan. If repaid on or before December 31, 2023, 34% of the loan, or \$20,000, will be forgiven. Since the criteria for forgiveness was met, the Association recorded the \$20,000 as other revenue.