

**CANADIAN OWNERS AND PILOTS ASSOCIATION**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Independent Auditor's 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 AUDITOR'S REPORT

To the Directors of:  
Canadian Owners and Pilots Association

### Report on the Financial Statements

We have audited the accompanying financial statements of Canadian Owners and Pilots Association, which comprise the statement of financial position as at December 31, 2016 and the statement of operations, changes in net assets and cash flows for the years 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 audits. We conducted our audits 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 audits is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Qualified Opinion

Deferred memberships are recorded based on management's estimate regarding the unexpired portions of memberships as of December 31, 2016. This estimate was prepared on the basis of total memberships issued during the year and prorated based on the month the membership was issued. Due to information not being available from the membership database as to the start and end dates of individual memberships, our verification was also limited to the timing of cash received. As such, we were unable to conclude whether an adjustment to deferred memberships and membership revenue would be necessary to accurately account for unexpired memberships issued as of December 31, 2016.

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

**Qualified Opinion**

In our qualified opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the accuracy and completeness of the deferred memberships referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Canadian Owners and Pilots Association as at December 31, 2016 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.



Frouin Group Professional Corporation  
Ottawa, ON  
May 2, 2017

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, 2016**

	2016	2015 (Restated)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 575,589	\$ 321,762
Short-term investments (Note 5)	455,079	470,817
Accounts receivable	146,261	38,664
Due from COPA Special Action Fund Inc. (Note 7)	26,648	9,363
Due from COPA Flight Safety Foundation (Note 7)	186	13,035
Inventory	0	4,726
Prepaid expenses	<u>51,273</u>	<u>28,864</u>
	<b>1,255,036</b>	<b>887,231</b>
<b>LONG TERM INVESTMENTS (Note 5)</b>	<b>1,154,434</b>	<b>1,576,006</b>
<b>PROPERTY AND EQUIPMENT (Notes 4)</b>	<u><b>20,801</b></u>	<u><b>14,003</b></u>
<b>TOTAL ASSETS</b>	<u><b>\$ 2,430,271</b></u>	<u><b>\$ 2,477,240</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 48,113	\$ 20,429
Government remittances	4,165	2,253
Deferred memberships (Note 2c)	674,997	652,640
Deferred lease inducement	<u>15,746</u>	<u>0</u>
	<b>743,021</b>	<b>675,322</b>
<b>NET ASSETS</b>		
Internally restricted to general reserve	1,700,000	1,700,000
Invested in capital assets	20,801	14,003
Unrestricted	<u>(33,551)</u>	<u>87,915</u>
	<b>1,687,250</b>	<b>1,801,918</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 2,430,271</b></u>	<u><b>\$ 2,477,240</b></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, 2016**

	2016	2015 (Restated)
<b>REVENUES</b>		
Memberships	\$ 898,781	\$ 872,739
Publishing	133,355	292,929
Safety Promotion Support	189,574	167,950
Membership Programs	102,907	103,364
Investment income	31,357	53,679
COPA Collection	1,194	1,118
Management fees	34,338	34,188
COPA Convention	<u>27,723</u>	<u>11,000</u>
	<u>1,419,229</u>	<u>1,536,967</u>
<b>EXPENSES</b>		
Salaries and benefits	726,751	662,216
Publishing	308,663	430,276
Office rent	91,736	96,306
Travel	29,945	22,410
Meeting and directors' expenses	74,846	58,305
Insurance	34,002	41,245
Office	51,601	45,737
Bank and service fees	30,154	25,715
Promotion	87,945	20,221
Projects	0	86,799
Professional fees	46,854	31,313
Membership	28,403	34,501
Amortization of capital assets (Note 2b)	5,747	4,940
Convention expenses	<u>17,250</u>	<u>12,585</u>
	<u>1,533,897</u>	<u>1,572,569</u>
<b>NET EXCESS (DEFICIT)</b>	<u>\$ (114,668)</u>	<u>\$ (35,602)</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, 2016**

	2016	2015 (Restated)
<b>NET ASSETS INTERNALLY RESTRICTED TO GENERAL RESERVE</b>		
Balance - beginning of year	<b>\$1,700,000</b>	\$1,700,000
Transfer from unrestricted net assets	<u>0</u>	<u>0</u>
Balance - end of year	<b><u>\$1,700,000</u></b>	<b><u>\$1,700,000</u></b>
<b>NET ASSETS INVESTED IN CAPITAL ASSETS</b>		
Balance - beginning of year	<b>\$ 14,003</b>	\$ 12,902
Purchase of capital assets net of disposals	<b>12,545</b>	6,041
Amortization	<u>(5,747)</u>	<u>(4,940)</u>
Balance - end of year	<b><u>\$ 20,801</u></b>	<b><u>\$ 14,003</u></b>
<b>UNRESTRICTED NET ASSETS</b>		
Balance - beginning of year, as previously stated	<b>\$ 87,915</b>	\$ 179,775
Prior period adjustment (Note 10)	<u>0</u>	<u>(55,157)</u>
Balance, beginning of year, restated	<b>87,915</b>	124,618
Excess (deficit) of revenue over expenses for the year, as previously stated	<b>(114,668)</b>	(736)
Prior period adjustment (Note 10)	<u>0</u>	<u>(34,866)</u>
Excess (deficit) of revenue over expenses for the year, restated	<b>(114,668)</b>	(35,602)
Purchase of capital assets net of disposals	<b>(12,545)</b>	(6,041)
Amortization	<u>5,747</u>	<u>4,940</u>
Balance - end of year	<b><u>\$ (33,551)</u></b>	<b><u>\$ 87,915</u></b>

(See accompanying Notes to Financial Statements)

**CANADIAN OWNERS AND PILOTS ASSOCIATION**  
**AUDITED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015 (Restated)
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Excess (deficit) of revenue over expenses for the year	\$ (114,668)	\$ (35,602)
Prior period adjustment	0	(55,157)
Add: Amortization	<u>5,747</u>	<u>4,940</u>
	<b>(108,921)</b>	<b>(85,819)</b>
Net change in non-cash working capital		
Accounts receivable	<b>(107,598)</b>	86,165
Due from COPA Special Action Fund	<b>(17,285)</b>	(9,394)
Due from COPA Flight Safety Foundation	<b>12,849</b>	3,455
Prepaid Expenses	<b>(22,409)</b>	(11,473)
Inventory - Clothing	<b>4,726</b>	1,712
Accounts payable and accrued liabilities	<b>29,597</b>	(24,347)
Deferred revenue	<b><u>38,103</u></b>	<b><u>51,179</u></b>
	<b><u>(170,938)</u></b>	<b><u>11,478</u></b>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<b>(12,545)</b>	(6,041)
Net (purchases) sales of long-term investments	<b><u>421,572</u></b>	<b><u>244,815</u></b>
	<b><u>409,027</u></b>	<b><u>238,774</u></b>
<b>NET INCREASE (DECREASE) IN CASH &amp; EQUIVALENTS DURING THE YEAR</b>	<b>238,089</b>	250,252
<b>CASH AND EQUIVALENTS, beginning of year</b>	<b><u>792,579</u></b>	<b><u>542,327</u></b>
<b>CASH AND EQUIVALENTS, end of year</b>	<b><u>\$ 1,030,668</u></b>	<b><u>\$ 792,579</u></b>
<b>REPRESENTED BY</b>		
Cash	\$ 575,589	\$ 321,762
Short-term investments	<b><u>455,079</u></b>	<b><u>470,817</u></b>
	<b><u>\$ 1,030,668</u></b>	<b><u>\$ 792,579</u></b>

(See accompanying Notes to Financial Statements)

**CANADIAN OWNERS AND PILOTS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**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 8.

**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

**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, 2016**

**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.

**f) Inventory**

Inventory is now comprised of articles only for promotion, the balance of which was written off during the 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 organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The organizations 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 organizations cash is deposited with a Canadian chartered bank and a major investment broker, 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.

## CANADIAN OWNERS AND PILOTS ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

#### 4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2016	Net Book Value 2015
Furniture and fixtures	\$ 56,032	\$ (41,681)	\$ 14,351	\$ 9,252
Computer equipment	<u>117,314</u>	<u>(110,864)</u>	<u>6,450</u>	<u>4,751</u>
TOTAL	<u>\$ 173,346</u>	<u>\$ (152,545)</u>	<u>\$ 20,801</u>	<u>\$ 14,003</u>

#### 5. INVESTMENTS

	Initial Cost	Maturity Date	Yield	2016 Fair Value	2015 Fair Value
<b>Short-term investments</b>					
Bank of NS - GIC	10,000	31-08-16	1.100%	\$ 0	\$ 10,037
Bank of NS - GIC	10,000	28-09-16	1.100%	0	10,029
Gov't of Canada	448,000	01-06-16	2.000%	0	450,751
GE Capital Canada	116,186	17-08-17	5.530%	110,023	0
Glacier Credit Card Trust	115,500	20-10-17	2.394%	116,628	0
Toronto Dominion Bank	114,035	15-08-17	2.433%	113,996	0
Wells Fargo Canada	114,521	09-02-17	2.774%	<u>114,432</u>	<u>0</u>
				<u>455,079</u>	<u>470,817</u>
<b>Long-term investments</b>					
Canada Housing Trust	220,972	15-06-18	1.750%	226,295	228,162
Bank of N.S.	148,496	18-10-24	3.036%	0	150,284
Canada Housing Trust	225,332	15-12-18	2.350%	226,316	229,335
GE Capital Canada	116,186	17-08-17	5.530%	0	112,025
Glacier Credit Card Trust	115,500	20-10-17	2.394%	0	116,833
Canada Housing Trust	136,111	15-06-21	3.800%	132,278	0
Province of BC	147,761	18-12-19	4.100%	145,268	149,079
Province of Ontario	212,797	02-06-20	4.200%	205,970	210,970
Province of Quebec	68,910	01-12-21	4.250%	67,342	0
Wells Fargo Canada	114,521	09-02-17	2.774%	0	114,937
Royal Bank of Canada	148,131	06-12-24	2.990%	150,965	150,289
Toronto Dominion Bank	114,035	15-08-17	2.433%	<u>0</u>	<u>114,092</u>
				<u>1,154,434</u>	<u>1,576,006</u>
				<u>\$ 1,609,513</u>	<u>\$ 2,046,823</u>

**CANADIAN OWNERS AND PILOTS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**6. COMMITMENTS**

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

The Association has entered into a 4 year Professional Services Agreement with Canadian Aviator Publishing Ltd. to assist with the editing and design of COPA Flight magazine. This agreement required the Association to issue payments totaling \$152,500 per year.

The Association has entered into Professional Services Agreement with InterVistas to perform an economic impact study. This agreement, effective until February 28, 2017, results in an obligation on the part of the Association to issue payments totaling \$28,000 plus HST in the 2017 fiscal year.

The Association has entered into a contract with LudoStudio with the purpose of redesigning the website and to provide ongoing support. Obligations arising from this contract are as follows:

2017	\$22,780 plus HST for the website re-design project
2018-2021	\$3,540 plus HST for ongoing support

**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.

**CANADIAN OWNERS AND PILOTS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**7. RELATED PARTIES (CONTINUED)**

(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. The Neil Armstrong Scholarship Fund is a fund maintained within the Foundation to provide annual flight training annuities to qualified scholarship applicants.

(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.

<b>COPA Flight Safety Foundation</b>	<b>2016</b>	<b>2015</b>
Total Assets	\$ <u>171,537</u>	\$ <u>170,550</u>
Total liabilities	\$ 3,838	\$ 16,388
Fund balances	<u>167,699</u>	<u>154,162</u>
Total liabilities and fund balances	\$ <u>171,537</u>	\$ <u>170,550</u>
Total revenue	\$ 20,666	\$ 18,296
Total expenses	<u>9,129</u>	<u>13,297</u>
Excess of expenses over revenue for the year	\$ <u>11,537</u>	\$ <u>4,999</u>
Cash provided (used) by operating activities	\$ (12,848)	\$ (1,457)
Cash provided (used) in investing activities	<u>52,491</u>	<u>(3,389)</u>
Net change in cash during the year	\$ <u>51,180</u>	\$ <u>153</u>
Due to COPA	\$ <u>186</u>	\$ <u>13,034</u>

**CANADIAN OWNERS AND PILOTS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**7. RELATED PARTIES (CONTINUED)**

<b>COPA Special Action Fund Inc. operating as "Freedom to Fly Fund"</b>	<b>2016</b>	<b>2015</b>
Total assets	\$ <u>868,252</u>	\$ <u>1,033,759</u>
Total liabilities	\$ 26,649	\$ 9,363
Internally restricted net assets	10,000	10,000
Unrestricted net assets	<u>831,603</u>	<u>1,014,396</u>
Total liabilities and net assets	\$ <u>868,252</u>	\$ <u>1,033,759</u>
Total revenue	\$ 36,154	\$ 45,623
Total expenses	<u>218,947</u>	<u>40,075</u>
Excess of expenses over revenue	\$ <u>(182,793)</u>	\$ <u>5,548</u>
Cash used in operating activities	\$ (195,323)	\$ 38,319
Cash used in investing activities	<u>101,837</u>	<u>259,745</u>
Net increase in cash during the year	\$ <u>(93,486)</u>	\$ <u>298,064</u>
Due to / (from) COPA	\$ <u>26,649</u>	\$ <u>9,363</u>
Administration fees paid to COPA	\$ <u>10,338</u>	\$ <u>10,188</u>

**CANADIAN OWNERS AND PILOTS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**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, 2016:

**a) Credit risk**

Credit risk associated with their investments is minimized by investing these assets in fixed income investments. An ongoing review is performed to evaluate changes in the status of investments under the organization's investment policy.

**b) Currency risk**

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

**c) Liquidity risk**

The organization 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 organization is exposed to interest rate risk with regards to its cash and short-term and long-term investments. The organization 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. Fixed income investments have a low interest rate risk due to their short-term nature. Therefore, this risk does not have a significant impact.

**9. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the current presentation.

**10. PRIOR PERIOD ADJUSTMENT**

Due to issues arising in the way memberships were entered in to the membership database, it became apparent that expiry dates of memberships were not accurate. The deferred portion of memberships as reported on the Statement of Financial Position is dependent on this information. As a result, deferred memberships for 2016 were recorded based on management's estimate derived from the total memberships received in each month of the year. An estimate was also calculated for 2015 and an adjustment was recorded to reflect this more accurate amount.