

Consolidated Financial Statements of

Royal Aviation Museum of Western Canada Inc.

December 31, 2016

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Royal Aviation Museum of Western Canada Inc.

We have audited the accompanying consolidated financial statements of Royal Aviation Museum of Western Canada Inc., which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended and the notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Royal Aviation Museum of Western Canada Inc. derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Royal Aviation Museum of Western Canada Inc. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses and cash flows from operations for the year ended December 31, 2016 and current assets and net assets as at December 31, 2016.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Royal Aviation Museum of Western Canada Inc. 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.



Chartered Professional Accountants

May 9, 2017
Winnipeg, Manitoba

ROYAL AVIATION MUSEUM OF WESTERN CANADA INC
Consolidated Statement of Operations
Year Ended December 31, 2016

	Operating Fund 2016	Capital Fund 2016	Total Both Funds 2016	Operating Fund 2015	Capital Fund 2015	Total Both Funds 2015
REVENUE						
Admissions	\$ 72,059	\$ -	\$ 72,059	\$ 67,266	\$ -	\$ 67,266
Contributions	-	2,070,345	2,070,345	-	498,478	498,478
Donations - in kind	3,247	-	3,247	4,943	1,550	6,493
Donations	18,476	-	18,476	35,216	-	35,216
Grants						
Province of Manitoba	56,700	-	56,700	56,700	-	56,700
City of Winnipeg	55,000	-	55,000	55,000	-	55,000
Memberships	30,722	-	30,722	31,208	-	31,208
Maintenance	16,647	-	16,647	14,658	-	14,658
Investment income	2,570	72,912	75,482	12,088	9,423	21,511
Other income (Schedule 1)	428,719	-	428,719	579,816	-	579,816
Special projects (Schedule 2)	21,314	-	21,314	20,012	-	20,012
	705,454	2,143,257	2,848,711	876,907	509,451	1,386,358
EXPENSES						
Administrative and general	116,386	32,699	149,085	128,141	19,492	147,633
Administrative and general - in kind	970	-	970	2,488	-	2,488
Aircraft restoration and exhibits	25,606	-	25,606	15,170	-	15,170
Aircraft restoration and exhibits - in kind	335	-	335	2,455	-	2,455
Archives and library	740	-	740	1,161	-	1,161
Archives and library - in kind	1,942	-	1,942	-	-	-
Donation to the Winnipeg Foundation (Note 9)	-	1,000,000	1,000,000	-	-	-
Depreciation	-	27,336	27,336	-	28,463	28,463
Equipment costs	3,367	-	3,367	1,853	-	1,853
Hangar complex operating expenses	263,964	-	263,964	263,297	-	263,297
Interest on loan	301	-	301	323	-	323
Other expenses (Schedule 1)	112,951	-	112,951	168,260	-	168,260
Public relations and programs	11,931	-	11,931	13,036	-	13,036
Personnel costs and benefits						
Salaried	427,493	-	427,493	412,757	-	412,757
Contracted	44,274	291,019	335,293	41,147	187,208	228,355
Special projects (Schedule 2)	24,550	-	24,550	24,274	-	24,274
	1,034,810	1,351,054	2,385,864	1,074,362	235,163	1,309,525
EXCESS OF (EXPENSES OVER REVENUE)						
REVENUE OVER EXPENSES	\$ (329,356)	\$ 792,203	\$ 462,847	\$ (197,455)	\$ 274,288	\$ 76,833

ROYAL AVIATION MUSEUM OF WESTERN CANADA INC.
Consolidated Statement of Financial Position
December 31, 2016

	Operating Fund	Capital Fund	Total Both Funds 2016	Total Both Funds 2015
ASSETS				
CURRENT				
Cash	\$ 290,124	\$ 642,767	\$ 932,891	\$ 627,519
Cash - restricted (Note 3)	373,542	-	373,542	315,348
Investments (Note 4)	310,149	2,193,264	2,503,413	1,865,342
Accounts receivable	35,137	47,451	82,588	30,916
Inventory	48,408	-	48,408	56,606
Prepaid expenses	62,934	-	62,934	60,429
	1,120,294	2,883,482	4,003,776	2,956,160
INVESTMENTS (Note 4)	-	1,144,700	1,144,700	1,688,992
PROPERTIES AND CAPITAL ASSETS (Note 5)				
	-	2,360,097	2,360,097	2,324,937
	\$ 1,120,294	\$ 6,388,279	\$ 7,508,573	\$ 6,970,089
LIABILITIES				
CURRENT				
Accounts payable	\$ 131,242	\$ -	\$ 131,242	\$ 124,597
Deferred revenue	22,959	-	22,959	19,468
Current portion of long-term debt (Note 7)	-	1,280	1,280	1,280
	154,201	1,280	155,481	145,345
LONG-TERM DEBT (Note 7)	-	12,890	12,890	14,170
DEFERRED CONTRIBUTIONS (Note 8)	378,966	-	378,966	312,185
	533,167	14,170	547,337	471,700
FUND BALANCES				
Operating	587,127	-	587,127	659,205
Capital	-	6,374,109	6,374,109	5,839,184
	587,127	6,374,109	6,961,236	6,498,389
	\$ 1,120,294	\$ 6,388,279	\$ 7,508,573	\$ 6,970,089

ROYAL AVIATION MUSEUM OF WESTERN CANADA INC.
Consolidated Statement of Changes in Net Assets
Year Ended December 31, 2016

	Operating Fund	Capital Fund	Total
Balance, January 1, 2015	\$ 914,825	\$ 5,506,731	\$ 6,421,556
Excess of (expenses over revenue) revenue over expenses	(197,455)	274,288	76,833
Interfund transfer	(58,165)	58,165	-
Balance, December 31, 2015	659,205	5,839,184	6,498,389
Excess of (expenses over revenue) revenue over expenses	(329,356)	792,203	462,847
Interfund transfer	257,278	(257,278)	-
Balance, December 31, 2016	\$ 587,127	\$ 6,374,109	\$ 6,961,236

ROYAL AVIATION MUSEUM OF WESTERN CANADA INC.
Consolidated Statement of Cash Flows
Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 462,847	\$ 76,833
Items not affecting cash		
Depreciation	27,336	28,463
Loss on sale of capital asset	-	1,575
Donations - in kind	(3,247)	(6,493)
Administrative and general - in kind	970	2,488
Aircraft restoration and exhibits - in kind	335	2,455
Archives and library - in kind	1,942	-
	490,183	105,321
Changes in non-cash operating working capital balances		
Accounts receivable	(51,672)	15,658
Inventory	8,198	(9,881)
Prepaid expenses	(2,505)	(2,335)
Accounts payable	6,645	46,267
Deferred revenue	3,491	(19,634)
	454,340	135,396
FINANCING ACTIVITIES		
Deferred contributions received for special projects	88,095	29,011
Funding of special projects	(21,314)	(20,012)
Repayment of long-term debt	(1,280)	(1,280)
	65,501	7,719
INVESTING ACTIVITIES		
Increase in cash restricted for special projects	(58,671)	(11,380)
Decrease in cash restricted for restoration	477	1,776
Proceeds on disposal of capital assets	-	8,450
Increase in investments	(93,779)	(63,439)
Acquisition of capital assets	(62,496)	(1,361)
	(214,469)	(65,954)
NET INCREASE IN CASH POSITION	305,372	77,161
CASH, BEGINNING OF YEAR	627,519	550,358
CASH, END OF YEAR	\$ 932,891	\$ 627,519