

**ATLANTIC CANADA AEROSPACE & DEFENCE ASSOCIATION (ACADA)**

**Financial Statements**

**Year Ended March 31, 2021**

**ATLANTIC CANADA AEROSPACE & DEFENCE ASSOCIATION (ACADA)**

**Index to Financial Statements**

**Year Ended March 31, 2021**

---

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Revenues and Expenditures	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12



Member of The AC Group of Independent Accounting Firms

---

**INDEPENDENT AUDITOR'S REPORT**

---

To the Members of Atlantic Canada Aerospace & Defence Association (ACADA)

*Opinion*

We have audited the financial statements of Atlantic Canada Aerospace & Defence Association (ACADA) (the Association), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenditures, changes in net assets and cash flows 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 the Association as at March 31, 2021, 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 (ASNPO).

*Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with 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 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 ASNPO, 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

*Auditor's Responsibilities for the Audit of the 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 auditor's 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.

*(continues)*

Independent Auditor's Report to the Members of Atlantic Canada Aerospace & Defence Association (ACADA)  
(continued)

As part of an audit in accordance with Canadian generally accepted auditing 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 control.
- 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Association 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 manner 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.

*Other Matter*

The financial statements for Atlantic Canada Aerospace & Defense Association for the year ended March 31, 2020 were under a Review Engagement and an unmodified opinion was issued on September 29, 2020.

*AC Hunter Tellier Belgrave Adamson*

Dartmouth, Nova Scotia  
September 1, 2021

AC HUNTER TELLIER BELGRAVE ADAMSON  
CHARTERED PROFESSIONAL ACCOUNTANTS

**ATLANTIC CANADA AEROSPACE & DEFENCE ASSOCIATION (ACADA)**

**Statement of Revenues and Expenditures**

**Year Ended March 31, 2021**

	Budget 2021	Actual 2021	2020
<b>REVENUES</b>			
Government funding <i>(Note 4)</i>	\$ 1,917,835	\$ 1,159,316	\$ 1,443,736
Membership dues	123,100	113,850	110,496
Event revenue	120,000	93,575	298,041
Student revenue	26,969	30,361	-
Other revenue	-	15,100	35,482
	2,187,904	1,412,202	1,887,755
<b>EXPENSES</b>			
Salaries and wages	838,135	853,344	792,996
Programming	1,324,800	502,778	722,641
Office	168,559	133,423	141,628
Amortization	-	29,369	29,176
Professional fees	16,639	27,543	17,684
Travel	46,000	11,577	127,607
Bank charges	-	2,481	5,025
	2,394,133	1,560,515	1,836,757
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	(206,229)	(148,313)	50,998
<b>OTHER INCOME</b>			
Government assistance <i>(Note 5)</i>	207,924	286,014	-
Interest income	-	2	154
	207,924	286,016	154
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ 1,695	\$ 137,703	\$ 51,152

**ATLANTIC CANADA AEROSPACE & DEFENCE ASSOCIATION (ACADA)**

**Statement of Changes in Net Assets**

**Year Ended March 31, 2021**

	2021	2020
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 348,622</b>	<b>\$ 297,470</b>
Excess of revenues over expenses	<b>137,703</b>	51,152
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 486,325</b>	<b>\$ 348,622</b>

**ATLANTIC CANADA AEROSPACE & DEFENCE ASSOCIATION (ACADA)****Statement of Financial Position****March 31, 2021**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents <i>(Note 10)</i>	\$ 352,150	\$ 478,563
Accounts receivable <i>(Note 6)</i>	232,185	86,609
Harmonized sales tax recoverable	-	8,160
Prepaid expenses	3,241	3,241
	<b>587,576</b>	576,573
PROPERTY, PLANT AND EQUIPMENT <i>(Note 7)</i>	<b>57,491</b>	74,884
	<b>\$ 645,067</b>	\$ 651,457
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 45,182	\$ 240,042
Government remittances <i>(Note 8)</i>	17,456	-
Bonuses payable	47,500	42,793
Deferred income <i>(Note 9)</i>	48,604	20,000
	<b>158,742</b>	302,835
<b>NET ASSETS</b>	<b>486,325</b>	348,622
	<b>\$ 645,067</b>	\$ 651,457

**SIGNIFICANT EVENT** *(Note 14)***SUBSEQUENT EVENT** *(Note 15)***ON BEHALF OF THE BOARD**\_\_\_\_\_  
*Director*\_\_\_\_\_  
*Director*

**ATLANTIC CANADA AEROSPACE & DEFENCE ASSOCIATION (ACADA)****Statement of Cash Flows****Year Ended March 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 137,703	\$ 51,152
Item not affecting cash:		
Amortization of property, plant and equipment	29,369	29,176
	<b>167,072</b>	80,328
Changes in non-cash working capital:		
Accounts receivable	(145,576)	121,917
Accounts payable and accrued liabilities	(194,860)	82,298
Deferred income	28,604	(12,695)
Prepaid expenses	-	13,398
Harmonized sales tax payable	8,160	(9,225)
Government remittances ( <i>Note 8</i> )	17,456	-
Bonuses payable	4,707	(12,848)
	<b>(281,509)</b>	182,845
Cash flow from (used by) operating activities	<b>(114,437)</b>	263,173
<b>INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	(11,976)	(2,220)
Cash flow used by investing activity	<b>(11,976)</b>	(2,220)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(126,413)</b>	260,953
Cash - beginning of year	478,563	217,610
<b>CASH - END OF YEAR</b>	<b>\$ 352,150</b>	<b>\$ 478,563</b>



# ATLANTIC CANADA AEROSPACE & DEFENCE ASSOCIATION (ACADA)

## Notes to Financial Statements

Year Ended March 31, 2021

---

### 1. DESCRIPTION OF BUSINESS

Atlantic Canada Aerospace & Defence Association (ACADA) (the "Association") is incorporated under the Canada Business Corporations Act. The association is a non-profit member-focused industry organization representing over 165 aerospace (commercial and non-commercial), defence, security and marine firms. Its mission is to advance the growth and development of the sectors by providing unified leadership, advocacy and valuable member services.

The Association began operations on November 21, 2016 as a consolidation of individual legacy organizations based in the four Atlantic provinces.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### Revenue recognition

Atlantic Canada Aerospace & Defence Association (ACADA) follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue 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 net assets.

Membership is voluntary and membership fees are recognized over the term of the membership.

Student revenue is recognized as revenue in the year in which the related expenses are incurred.

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

Events and sponsorship revenues are recognized when performance has occurred and collection is reasonably assured.

#### Government assistance

Government assistance is recorded when there is a reasonable assurance that the Association had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

#### Income taxes

The Association is a not-for-profit organization and, as such, is exempt from income taxes under section 149(1).1 of the Income Tax Act.

#### Cash

Cash includes cash on hand less outstanding cheques plus outstanding deposits.

*(continues)*

# ATLANTIC CANADA AEROSPACE & DEFENCE ASSOCIATION (ACADA)

## Notes to Financial Statements

Year Ended March 31, 2021

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Short term investments

Short term investments are investments in Guaranteed Investment Certificates and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than one year.

#### Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization. Property, plant and equipment is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Computer equipment	55%	declining balance method
Furniture and fixtures	20%	declining balance method
Website and applications	30%	declining balance method

The Association regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

#### Harmonized sales tax

Contributed materials and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

#### Use of estimates

In preparing the Association's financial statements, management is required to make estimates and assumptions that affect the report amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known. Actual results could differ from these estimates.

#### Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

# ATLANTIC CANADA AEROSPACE & DEFENCE ASSOCIATION (ACADA)

## Notes to Financial Statements

Year Ended March 31, 2021

### 3. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2021.

#### *(a) Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from members. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of members which minimizes concentration of credit risk.

#### *(b) Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its members and other related sources, and accounts payable and accrued liabilities.

#### *(c) Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Association is mainly exposed to currency risk.

#### *(d) Currency risk*

Currency risk is the risk to the Association's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Association is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The Organization does not use derivative instruments to reduce its exposure to foreign currency risk.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial instruments.

### 4. GOVERNMENT FUNDING

	2021	2020	2019	2018
Operating Revenue from ACOA	\$ 525,219	\$ 917,402	\$ 1,039,247	\$ 1,093,806
Operating Revenue from ATIGA	374,643	158,105	90,894	-
Operating Revenue from NL	104,500	93,967	80,000	72,000
Operating Revenue from PEI	83,383	56,602	105,329	98,694
Operating Revenue from NS	71,571	65,105	20,650	80,000
Operating Revenue from GOA	-	152,555	41,523	69,032
Operating Revenue from NB	-	-	79,999	96,455
	<b>\$ 1,159,316</b>	<b>\$ 1,443,736</b>	<b>\$ 1,457,642</b>	<b>\$ 1,509,987</b>

**ATLANTIC CANADA AEROSPACE & DEFENCE ASSOCIATION (ACADA)**

**Notes to Financial Statements**

**Year Ended March 31, 2021**

5. GOVERNMENT ASSISTANCE

During the fiscal year, the Association recognized \$286,014 in revenue from the Government of Canada under the Canada Emergency Wage Subsidy program for organizations experiencing a drop in revenue of 30% or more after the start of the Covid-19 Pandemic. The amount for the current year covers the June 2020 to March 2021 period.

6. ACCOUNTS RECEIVABLE

	2021	2020
Accounts Receivable	\$ 175,678	\$ 86,609
Accounts Receivable - Canada Emergency Wage Subsidy	56,507	-
	<b>\$ 232,185</b>	<b>\$ 86,609</b>

7. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value
Computer equipment	\$ 82,254	\$ 62,783	\$ 19,471
Furniture and fixtures	42,095	23,042	19,053
Website and applications	45,540	26,573	18,967
	<b>\$ 169,889</b>	<b>\$ 112,398</b>	<b>\$ 57,491</b>

	Cost	Accumulated amortization	2020 Net book value
Computer equipment	\$ 70,278	\$ 46,306	\$ 23,972
Furniture and fixtures	42,095	18,279	23,816
Website and applications	45,540	18,444	27,096
	<b>\$ 157,913</b>	<b>\$ 83,029</b>	<b>\$ 74,884</b>

8. GOVERNMENT REMITTANCES

	2021	2020
Government rebate payable	\$ (40,994)	\$ -
HST Receivable	23,538	8,160
	<b>\$ (17,456)</b>	<b>\$ 8,160</b>

# ATLANTIC CANADA AEROSPACE & DEFENCE ASSOCIATION (ACADA)

## Notes to Financial Statements

Year Ended March 31, 2021

### 9. DEFERRED REVENUE

Other deferred revenue includes \$20,000 from the legacy association Aerospace & Defence Industries Association of Newfoundland and Labrador (ADIANL), which is restricted for conference related expenditures physically attended by the Organization. Recognition will occur post-COVID once conferences are being held in physical locations.

	2021	2020
Deferred Revenue - Government advances	\$ 27,983	\$ -
Deferred Revenue - Other	20,000	20,000
Deferred Revenue - Member dues	621	-
	<b>\$ 48,604</b>	<b>\$ 20,000</b>

### 10. TERM DEPOSITS

Included in cash is a term deposit consisting of a guaranteed investment certificate (GIC) invested into an account bearing zero interest. The cash serves as collateral for the Association's credit cards.

### 11. LEASE COMMITMENTS

The Association has long term leases with respect to its head and regional office premises. The leases contain renewal options and provide for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at March 31, 2021, are as follows:

2022	\$ 85,138
2023	82,938
2024	12,000
2025	11,000

### 12. ECONOMIC DEPENDENCE

Federal and Provincial governments provide the Association with funding necessary to meet its operating goals. The Association is dependent on receiving adequate funding from these governments for its operations.

### 13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

### 14. SIGNIFICANT EVENT

The outbreak of a novel strain of coronavirus resulted in the global declaration of a pandemic by the World Health Organization. Government measures in place to combat the health threat of the virus have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the outbreak are unknown at this time, as are the efficacy of government and central bank interventions. It is not possible to reliably estimate the length and severity of the measures nor their impact on the future financial results and condition of the Association.

**ATLANTIC CANADA AEROSPACE & DEFENCE ASSOCIATION (ACADA)**

**Notes to Financial Statements**

**Year Ended March 31, 2021**

---

15. SUBSEQUENT EVENT

Subsequent to the year-end, the Organization applied for the Canada Emergency Wage Subsidy rebate for the periods of February to March 2021 in the amount of \$56,507, which has been recorded as a receivable (Note 6). Applications for rebates covering the periods of April to July 2021 have been filed in the amount of \$76,168, and have not yet been received.