

**Aero Space Museum Association of Calgary
(o/a The Hangar Flight Museum)
Consolidated Financial Statements
December 31, 2022**

**Aero Space Museum Association Of Calgary
(o/a The Hangar Flight Museum)
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Year Ended December 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Aero Space Museum Association of Calgary
(o/a The Hangar Flight Museum)

Opinion

We have audited the Consolidated Financial statements of Aero Space Museum Association of Calgary (o/a The Hangar Flight Museum) (the Association), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the Consolidated Financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying Consolidated Financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2022, 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 Consolidated 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.

Emphasis of Matter

We draw attention to Note 15 to the Consolidated Financial statements, which describes the restatement of certain amounts for the year-ended December 31, 2021.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated Financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of Consolidated Financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated 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.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 Consolidated Financial statements.

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 Consolidated 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 Consolidated 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 Consolidated Financial statements, including the disclosures, and whether the Consolidated 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.

Calgary, Alberta
April 12, 2023




Mahmud Khalfan Professional Corporation
Chartered Professional Accountants


**Aero Space Museum Association Of Calgary
(o/a The Hangar Flight Museum)
Consolidated Statement of Financial Position
December 31, 2022**

	2022	2021 <i>Restated</i>
ASSETS		
CURRENT		
Cash - unrestricted	\$ 174,151	\$ 600,878
Term deposits	660,000	160,000
Accounts receivable (Note 3)	15,574	39,742
Inventory	30,351	18,105
Prepaid expenses and deposits	41,825	27,630
Cash - restricted casino funds	45,831	4,575
	<u>967,732</u>	<u>850,930</u>
PROPERTY AND EQUIPMENT (Note 4)	1,192,059	1,327,467
COLLECTIONS (Note 5)	1	1
	<u>\$ 2,159,792</u>	<u>\$ 2,178,398</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 83,057	\$ 92,051
Deferred contributions related to operations (Note 7)	173,731	159,565
Deposits and unearned revenue	10,554	1,893
Current portion of capital lease obligations (Note 8)	1,450	8,433
CEBA loan (Note 9)	40,000	60,000
	<u>308,792</u>	<u>321,942</u>
CAPITAL LEASE OBLIGATIONS (Note 8)	-	1,450
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT (Notes 10, 15)	989,508	1,049,372
	<u>1,298,300</u>	<u>1,372,764</u>
NET ASSETS		
Unrestricted	400,389	256,726
Restricted reserve fund	260,000	260,000
Invested in property and equipment	201,103	288,908
	<u>861,492</u>	<u>805,634</u>
	<u>\$ 2,159,792</u>	<u>\$ 2,178,398</u>

ON BEHALF OF THE BOARD



Director



Director

See notes to Consolidated Financial statements

**Aero Space Museum Association Of Calgary
(o/a The Hangar Flight Museum)
Consolidated Statement of Operations
Year Ended December 31, 2022**

	2022	2021 <i>Restated</i>
REVENUES		
Grant revenue (Note 11)	\$ 637,346	\$ 641,835
Admissions	197,503	67,423
Gift shop sales	107,906	39,061
Amortization of deferred contributions related to property and equipment (Notes 10, 15)	75,209	99,019
CF-100 restoration	70,000	85,000
Donations	67,504	55,973
Facility rentals	60,762	9,665
Management service income (Note 12)	50,000	-
Events / projects	39,216	1,500
Education and tours	37,375	1,618
Casino	23,574	11,272
Interest and miscellaneous	8,847	717
Memberships	6,311	6,628
Insurance proceeds	-	138,583
	1,381,553	1,158,294
EXPENSES (Schedule 1)	1,310,865	1,172,253
OTHER (EXPENSES) INCOMES		
Covid Funding Repayment (Note 13)	(108,000)	-
Canada Emergency Wage Subsidy (Note 14)	73,170	143,138
Canada Emergency Rent Subsidy (Note 14)	-	50,310
Forgiveness of CEBA loan (Note 9)	20,000	-
	(14,830)	193,448
EXCESS OF REVENUES OVER EXPENSES	\$ 55,858	\$ 179,489

See notes to Consolidated Financial statements

**Aero Space Museum Association Of Calgary
(o/a The Hangar Flight Museum)**

**Expenses
(Schedule 1)**

Year Ended December 31, 2022

	2022	2021 <i>Restated</i>
Wages and benefits (<i>Note 12</i>)	\$ 593,008	\$ 440,278
Amortization	156,914	128,817
Building operations	133,412	142,768
Other costs	81,301	51,732
CF-100 restoration expenses	70,000	85,000
Gift shop cost of sales	54,459	19,396
Insurance	47,132	43,548
Marketing and promotion	36,869	23,068
Collection, restoration and exhibit costs	32,551	17,605
Office and administration	22,218	17,966
Events	22,166	8,281
Staff and volunteer recognition	19,056	18,885
Professional fees	14,895	15,938
Bank charges and interest	11,309	6,282
Programming (education)	5,935	2,395
Professional development (staff)	5,178	2,644
Dues subscriptions and memberships	4,141	4,379
Interest on capital lease	321	755
Tent damage repairs	-	142,516
	\$ 1,310,865	\$ 1,172,253

See notes to Consolidated Financial statements

**Aero Space Museum Association Of Calgary
(o/a The Hangar Flight Museum)
Consolidated Statement of Changes in Net Assets
Year Ended December 31, 2022**

	Unrestricted	Restricted reserve fund	Invested in property and equipment	2022	2021 <i>Restated</i>
NET ASSETS - BEGINNING OF YEAR	\$ 256,726	\$ 260,000	\$ 288,908	\$ 805,634	\$ 626,145
Excess of revenues over expenses	158,255	-	(102,397)	55,858	179,489
Additions to property and equipment	(21,505)	-	21,505	-	-
Contributions for capital assets	15,346	-	(15,346)	-	-
Payment of capital lease	(8,433)	-	8,433	-	-
NET ASSETS - END OF YEAR	\$ 400,389	\$ 260,000	\$ 201,103	\$ 861,492	\$ 805,634

See notes to Consolidated Financial statements

**Aero Space Museum Association Of Calgary
(o/a The Hangar Flight Museum)**

Consolidated Statement of Cash Flows

Year Ended December 31, 2022

	2022	2021 <i>Restated</i>
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 55,858	\$ 179,489
Items not affecting cash:		
Amortization of property and equipment	156,914	128,817
Amortization of deferred contributions related to property and equipment	<u>(75,209)</u>	<u>(99,019)</u>
	<u>137,563</u>	<u>209,287</u>
Changes in non-cash working capital:		
Accounts receivable	24,168	21,108
Government assistance receivable	-	58,087
Inventory	(12,246)	2,463
Deposits and unearned revenue	8,661	(5,807)
Prepaid expenses and deposits	(14,195)	(7,307)
Accounts payable and accrued liabilities	(8,996)	17,324
Deferred contributions related to operations	14,166	(101,914)
CEBA loan	<u>(20,000)</u>	<u>60,000</u>
	<u>(8,442)</u>	<u>43,954</u>
Cash flow from operating activities	<u>129,121</u>	<u>253,241</u>
INVESTING ACTIVITIES		
Purchase of term deposits	(500,000)	(60,000)
Purchase of property and equipment	<u>(6,159)</u>	<u>(93,791)</u>
Cash flow used by investing activities	<u>(506,159)</u>	<u>(153,791)</u>
FINANCING ACTIVITIES		
Repayment of obligations under capital lease	(8,433)	(7,999)
Deferred contributions related to property and equipment	<u>-</u>	<u>104,264</u>
Cash flow from (used by) financing activities	<u>(8,433)</u>	<u>96,265</u>
INCREASE (DECREASE) IN CASH FLOW	(385,471)	195,715
Cash - beginning of year	<u>605,453</u>	<u>409,738</u>
CASH - END OF YEAR	\$ 219,982	\$ 605,453
CASH CONSISTS OF:		
Cash - unrestricted	\$ 174,151	\$ 600,878
Restricted cash	<u>45,831</u>	<u>4,575</u>
	<u>\$ 219,982</u>	<u>\$ 605,453</u>

See notes to Consolidated Financial statements

**Aero Space Museum Association Of Calgary
(o/a The Hangar Flight Museum)**

**Notes to Consolidated Financial Statements
Year Ended December 31, 2022**

1. INCORPORATION AND NATURE OF THE ORGANIZATION

Aero Space Museum Association of Calgary (the "Association") is a not-for-profit organization established in the Province of Alberta in 1975 and became a registered charity on January 1, 1979.

The Association promotes understanding and appreciation of Western Canadian aviation history and technology through the collection, acquisition, preservation, restoration and management of related artifacts and archives. The Association operates under the brand "The Hangar Flight Museum".

The Association cares for the City of Calgary collection of aircraft and engines which have been excluded from these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, and include the following significant accounting policies:

The Association holds an investment in 534921 Alberta Ltd., a wholly owned profit-oriented subsidiary, which is accounted for using the consolidation method.

The Association's consolidated financial statements include the accounts of its wholly-owned subsidiary, 534921 Alberta Ltd. Consolidated financial statements are prepared by aggregating the accounts of 534921 Alberta Ltd. with those of the Association. Transactions between the organizations and inter-organization balances have been eliminated in the consolidated financial statements.

Cash and cash equivalents

Cash is comprised of funds held in Canadian financial institutions. Cash subject to restrictions imposed by the Alberta Gaming, Liquor, and Cannabis Commission is included in restricted cash. Restricted cash is classified as a current asset as it is probable it will be utilized in the next fiscal year.

Term deposits

Term deposits include Guaranteed Investment Certificates which are initially and subsequently measured at fair value. The term deposits earn annum interest at 1.6% to 4.5% and mature between April 7, 2023 to December 7, 2023.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

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**Aero Space Museum Association Of Calgary
(o/a The Hangar Flight Museum)**

Notes to Consolidated Financial Statements

Year Ended December 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and equipment

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the following method and rates intended to amortize the cost of assets over their estimated useful lives.

Leasehold improvements	20 years	straight-line method
Temporary building	20 years	straight-line method
Equipment	20%	declining balance method
Signs	20%	declining balance method
Computer equipment	55%	declining balance method
Small tools	20%	declining balance method

Capital leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a declining balance basis, over their estimated useful lives lease term. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- a) there is a change in contractual terms;
- b) a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- c) there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- d) there is a substantial physical change to the specified tangible asset.

Collections

Collections owned by the Association are recognized in the statement of financial position at a nominal value. Collections owned by the City of Calgary are not recognized as an asset of the Association. Purchases, including expenses for the City of Calgary's collection, are recorded as expenses in the year incurred.

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**Aero Space Museum Association Of Calgary
(o/a The Hangar Flight Museum)
Notes to Consolidated Financial Statements
Year Ended December 31, 2022**

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Deferred contributions related to property and equipment

Deferred contributions related to property and equipment represent the unamortized portion of contributed property and equipment and restricted contributions that were used to complete building improvements. Recognition of these amounts as revenue is deferred to periods when the related property and equipment are amortized.

Contributed services

Volunteers contribute many hours per year to assist the Association in carrying out its activities. Due to the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions including grants and other externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions including donations, fundraising, membership and other revenues 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.

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.

Admissions, education tours and gift shop sales revenue is recognized at the time of purchase.

Rental revenue is recognized when rental services have been provided.

Financial instruments

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 Related Party Transactions.

At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value. The Association has not made such an election during the year.

The Association subsequently measures all financial assets at amortized cost. The fair value of the financial instruments approximate their carrying value due to the short term nature of these investments. Gains and losses arising from changes in fair value are recognized immediately in the statement of operations and statement of changes in net assets.

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**Aero Space Museum Association Of Calgary
(o/a The Hangar Flight Museum)**

Notes to Consolidated Financial Statements

Year Ended December 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial asset impairment

The Association assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in the current year's excess of revenues over expenses.

The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenues and expenses in the year the reversal occurs.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of property and equipment.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

3. ACCOUNTS RECEIVABLE

	<u>2022</u>		<u>2021</u>
Accounts receivable	\$ 15,019	\$	37,019
GST receivable	555		2,723
	<u>\$ 15,574</u>	\$	<u>39,742</u>

**Aero Space Museum Association Of Calgary
(o/a The Hangar Flight Museum)**

Notes to Consolidated Financial Statements

Year Ended December 31, 2022

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Leasehold improvements	\$ 2,916,482	\$ 1,776,144	\$ 1,140,338	\$ 1,266,858
Temporary building	37,720	15,717	22,003	25,775
Equipment	166,452	151,718	14,734	15,940
Signs	21,260	19,525	1,735	2,169
Computer equipment	2,254	2,087	167	372
Small tools	16,587	16,500	87	109
	3,160,755	1,981,691	1,179,064	1,311,223
Signs under capital lease	38,550	25,555	12,995	16,244
	\$ 3,199,305	\$ 2,007,246	\$ 1,192,059	\$ 1,327,467

5. COLLECTIONS

At December 31, 2022 the Association's collection consists of artifacts, archived materials, photographs, and other items related to Western Canadian aviation history.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trade accounts payable and accruals	\$ 52,480	\$ 60,217
Wages payable	-	11,800
Vacation payable	20,509	15,891
Employee deductions payable	-	4,143
GST	10,068	-
	\$ 83,057	\$ 92,051

7. DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS

Deferred contributions consist of unspent contributions externally restricted for programming expenses and specific purposes. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made and is included in education tours and casino revenue. Changes in the deferred contribution balance are as follows:

	2022	2021
Beginning balance	\$ 159,565	\$ 261,479
Funds received	645,384	539,921
Funds used	(631,218)	(641,835)
	\$ 173,731	\$ 159,565

During the year, the Association received funds in the amount of \$NIL (2021 - \$66,250) in order to restore the CF-100. These amounts will be recognized as revenue as restoration costs are incurred.

**Aero Space Museum Association Of Calgary
(o/a The Hangar Flight Museum)**

Notes to Consolidated Financial Statements

Year Ended December 31, 2022

8. CAPITAL LEASE OBLIGATIONS

Outdoor signs lease payable in equal monthly installments of \$730 including interest at 5.30%, due on February 1, 2023, secured by property and equipment with carrying value of \$12,995 (2021 - \$16,245).

	2022	2021
Total capital lease payable	\$ 1,450	\$ 9,883
Less Current portion	(1,450)	(8,433)
	\$ -	\$ 1,450

9. SHORT TERM DEBT

The amount of \$40,000 represents the unforgivable balance of the \$60,000 interest-free loan received under the Government of Canada COVID response programs. 33.3% of the loan will be eligible for loan forgiveness, up to \$20,000, if the loan is fully repaid on or before December 31, 2023. As at the year end date, \$20,000 has been included in other income and represents the maximum forgivable portion of the loan per approved 2023 budget by board of director. If the unforgiven balance of the loan is not fully repaid by December 31, 2023 the remaining principal balance will be repayable and will bear interest at a rate of 5% per annum beginning on January 1, 2024. The loan is due in full December 31, 2025.

10. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of property and equipment. Recognition of these amounts as revenue is deferred to periods when the related property and equipment are amortized.

Changes in deferred contributions related to property and equipment are as follows:

	2022	2021 <i>Restated</i>
Beginning balance	\$ 1,049,372	\$ 1,044,125
Additions	15,345	104,266
Amounts amortized to revenue	(75,209)	(99,019)
Ending balance	\$ 989,508	\$ 1,049,372

11. CALGARY FOUNDATION FUND

The Association has a fund held and managed by the Calgary Foundation. The fund generates investment income which is used to provide a grant to the Association each year. The income received from the Calgary Foundation during 2022 was \$9,418 (2021 - \$7,661).

**Aero Space Museum Association Of Calgary
(o/a The Hangar Flight Museum)**

Notes to Consolidated Financial Statements

Year Ended December 31, 2022

12. MANAGEMENT SERVICE AGREEMENT

The Association entered into a 10 year License and Services Agreement beginning March 1, 2022 with Canada's Aviation Hall of Fame (CAHF) under which (i) the CAHF has relocated to Calgary, Alberta and become situated within the Associations premises, and (ii) the Association will subsume certain administrative operations of CAHF. As part of the agreement, CAHF will pay the Association a minimum fee of \$5,000 plus applicable taxes per month, subject to escalations over the term of the agreement. Total management service fee received during the year was \$50,000.

Under the terms of this agreement, the Association has agreed to employ several of the CAHF staff to provide the agreed services and house the CAHF's collections as required for display. CAHF will provide volunteer support for display of the collection and maintain insurance coverage on the collection.

13. COVID FUNDING REPAYMENT

In year 2021, City of Calgary provided Covid funding as of \$108,000 to the Association. This was recognized as revenue. During the year, the City of Calgary requested the full funding pay back.

14. GOVERNMENT ASSISTANCE

In March 2020, the Government of Canada announced the introduction of the Canada Emergency Wage Subsidy (CEWS) to support employers that are hardest hit by the pandemic. During the year, the Association has recognized \$73,170 (2021 - \$143,138) in assistance from the CEWS program.

In October 2020, the Government of Canada announced the introduction of the Canada Emergency Rent Subsidy (CERS) to support organizations which have been affected by the pandemic. During the year, the Association has recognized \$NIL (2021 - \$50,310) in assistance from the CERS program.

15. RESTATEMENT OF CONSOLIDATED FINANCIAL RESULT

	2021	2021	
	As restated	<i>Previously reported</i>	<i>Restatement</i>
Deferred contributions related to property and equipment	\$ 1,049,372	\$ 1,018,693	\$ 30,679
Amortization of deferred contributions related to property and equipment	<u>99,019</u>	<u>129,698</u>	<u>(30,679)</u>

The amortization calculation for deferred capital contributions for the year-ended December 31, 2021 was incorrect, resulting in an overstatement in amortization of deferred capital contribution related to property and equipment, excess of revenue over expense and net assets and an understatement of deferred capital contribution related to property and equipment in the amount of \$30,679. It was determined that a correction is required, and as such we have restated the previously reported consolidated financial statements for the year ended December 31, 2021. The impact of the corrections are noted above.

16. COMMITMENTS

The Association leases its land and building premises from the Calgary Airport Authority. Rent is charged at a nominal amount. The lease expires October 31, 2044.

**Aero Space Museum Association Of Calgary
(o/a The Hangar Flight Museum)**

**Notes to Consolidated Financial Statements
Year Ended December 31, 2022**

17. CREDIT FACILITY

The Association has access to a demand revolving credit facility in 2022 ("Facility A"), to provide for ongoing operating and working capital requirements, authorized to a maximum of \$100,000 (2021 - \$100,000), of which \$NIL (2021 - \$NIL) has been drawn. The Facility A bears interest at RBC's prime rate plus 1.25% per annum. As at December 31, 2022, the RBC prime rate was 6.5% (2021 - 2.45%).

18. CITY OF CALGARY AGREEMENTS

The Association and the City have a ground lease for its parking lot which renews annually on April 1. There is a nominal lease cost of \$200 per year.

The Association and the City also have an operating agreement effective until December 31, 2026. This agreement covers City funding to the Association as well as the operations of the Association's facility and the terms of the aircraft and engine loans from the City to the Association.

The Association's primary source of revenue is the operating grant from the City of Calgary under the Investing in Partnership Program (One Calgary budget). While there are no specific conditions related to the grant, the Association must continue to operate The Hangar Flight Museum. The operating grant funding could be withdrawn or adjusted by the City of Calgary without notice. The Association's ability to continue viable operations is dependent on the operating grant.

19. INCOME TAXES

The Association is registered as a charitable organization under the Income Tax Act (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Association must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

The Association's controlled entity, 534921 Alberta Ltd., is a profit-oriented entity and uses the taxes payable method.

20. FINANCIAL INSTRUMENTS

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest rate, currency, credit, liquidity or other price risks arising from these financial instruments.

21. SUBSEQUENT EVENTS

Subsequent to year end, the Association's hangar tent facility suffered severe damage. The repairs are expected to be material, However it is expected that this should be covered under warranty.

**Aero Space Museum Association Of Calgary
(o/a The Hangar Flight Museum)**

**Notes to Consolidated Financial Statements
Year Ended December 31, 2022**

22. IMPACT OF COVID-19 ON OPERATIONS

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. During the year, the Hangar Flight Museum was closed for a significant period of time and experienced large decreases of earned revenue from customers using the facilities. Government grant increases as well as new emergency government assistance programs provided much needed support in place of reduced business operations. Cost cutting was also implemented in an effort to conserve cash reserves during the year.

It is unknown the extent of the impact the COVID-19 outbreak may have on the Association in the future as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified and restated to conform with the current year's presentation.
