

**CANADIAN OWNERS AND PILOTS ASSOCIATION**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**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

### Qualified Opinion

We have audited the financial statements of Canadian Owners and Pilots Association, which comprise the statement of financial position as at December 31, 2018, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Owners and Pilots Association as at December 31, 2018, 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 Qualified Opinion

Deferred memberships are recorded based on management's estimate regarding the unexpired portions of memberships as of December 31, 2018. 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 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, 2018.

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 qualified 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 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.



Frouin Group Professional Corporation  
Ottawa, ON  
April 30, 2019

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, 2018**

	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 42,969	\$ 97,791
Short-term investments (Note 5)	136,858	0
Accounts receivable	98,906	71,692
Government rebates	48,287	9,140
Due from COPA Special Action Fund Inc. (Note 7)	58,515	23,767
Due from COPA Flight Safety Foundation (Note 7)	29,039	0
Inventory (Note 2f)	17,843	0
Prepaid expenses	<u>107,656</u>	<u>26,490</u>
	<b>540,073</b>	<b>228,880</b>
<b>LONG-TERM INVESTMENTS (Note 5)</b>	<b>1,414,634</b>	<b>2,104,366</b>
<b>PROPERTY AND EQUIPMENT (Notes 2b and 4)</b>	<u><b>94,844</b></u>	<u><b>63,152</b></u>
<b>TOTAL ASSETS</b>	<u><b>\$ 2,049,551</b></u>	<u><b>\$ 2,396,398</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 94,800	\$ 39,942
Due to COPA Flight Safety Foundation (Note 7)	0	1,273
Deferred memberships (Note 2c)	628,690	698,573
Deferred lease inducement	<u>24,219</u>	<u>28,094</u>
	<b>747,709</b>	<b>767,882</b>
<b>NET ASSETS</b>		
Internally-restricted to general reserve	1,500,000	1,700,000
Invested in capital assets	94,844	63,152
Unrestricted	<u>(293,002)</u>	<u>(134,636)</u>
	<b>1,301,842</b>	<b>1,628,516</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 2,049,551</b></u>	<u><b>\$ 2,396,398</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, 2018**

	2018	2017
<b>REVENUES</b>		
Memberships	\$ 799,296	\$ 853,391
Safety promotion support	258,067	254,884
Membership programs	126,467	104,060
COPA collection	6,330	3,800
Management fees	34,592	32,683
COPA convention	53,055	77,625
Bequest	50,000	0
	<u>1,327,807</u>	<u>1,326,443</u>
<b>EXPENSES</b>		
Salaries and benefits	442,870	554,685
Publishing	164,096	156,472
Bad debt expense (recovery)	(616)	4,292
Office rent	57,816	62,272
Travel	62,006	39,884
Meeting and directors' expenses	114,518	73,021
Insurance	35,896	34,393
Office	125,715	115,078
Bank and service fees	41,089	45,133
Promotion	208,233	55,483
Projects	31,371	50,342
Professional fees	241,589	151,646
Membership	40,399	51,127
Amortization of capital assets (Note 2b)	7,931	7,781
Convention expenses	54,312	93,021
	<u>1,627,225</u>	<u>1,494,630</u>
<b>EXCESS (DEFICIT) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>(299,418)</b>	<b>(168,187)</b>
Investment income (loss)	(27,256)	143,042
Gain (loss) on disposal of assets	<u>0</u>	<u>(5,288)</u>
<b>NET EXCESS (DEFICIT)</b>	<b>\$ <u>(326,674)</u></b>	<b>\$ <u>(30,433)</u></b>

(See accompanying Notes to Financial Statements)

**CANADIAN OWNERS AND PILOTS ASSOCIATION**  
**AUDITED STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
<b>NET ASSETS INTERNALLY-RESTRICTED TO GENERAL RESERVE</b>		
Balance - beginning of year	\$1,700,000	\$1,700,000
Transfer to unrestricted net assets	<u>(200,000)</u>	<u>0</u>
Balance - end of year	<u>\$1,500,000</u>	<u>\$1,700,000</u>
<b>NET ASSETS INVESTED IN CAPITAL ASSETS</b>		
Balance - beginning of year	\$ 63,152	\$ 20,801
Purchase of capital assets, net of disposals	39,623	50,132
Amortization	<u>(7,931)</u>	<u>(7,781)</u>
Balance - end of year	<u>\$ 94,844</u>	<u>\$ 63,152</u>
<b>UNRESTRICTED NET ASSETS</b>		
Balance - beginning of year	\$ (134,636)	\$ (61,852)
Transfer from net assets internally-restricted to general reserve	200,000	0
Excess (deficit) of revenue over expenses for the year	(326,674)	(30,433)
Purchase of capital assets, net of disposals	(39,623)	(50,132)
Amortization	<u>7,931</u>	<u>7,781</u>
Balance - end of year	<u>\$ (293,002)</u>	<u>\$ (134,636)</u>

(See accompanying Notes to Financial Statements)

**CANADIAN OWNERS AND PILOTS ASSOCIATION**  
**AUDITED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Excess (deficit) of revenue over expenses for the year	\$ (326,674)	\$ (30,433)
Add: Amortization	<u>7,931</u>	<u>7,781</u>
	<b>(318,743)</b>	<b>(22,652)</b>
Net change in non-cash working capital		
Accounts receivable	(27,215)	74,569
Due from COPA Special Action Fund	(34,748)	2,881
Due from COPA Flight Safety Foundation	(30,312)	1,459
Prepaid expenses	(81,166)	24,783
Inventory	(17,843)	0
Accounts payable and accrued liabilities	15,711	(21,476)
Deferred revenue	<u>(73,758)</u>	<u>7,623</u>
	<b>(568,074)</b>	<b>67,187</b>
<b>INVESTING ACTIVITIES</b>		
Net (purchase)/disposal of capital assets	(39,622)	(50,132)
Net (purchases)/sales of investments	<u>552,874</u>	<u>(949,932)</u>
	<b>513,252</b>	<b>(1,000,064)</b>
<b>NET INCREASE (DECREASE) IN CASH DURING THE YEAR</b>		
	<b>(54,822)</b>	<b>(932,877)</b>
<b>CASH, beginning of year</b>	<u>97,791</u>	<u>1,030,668</u>
<b>CASH, end of year</b>	<b>\$ <u>42,969</u></b>	<b>\$ <u>97,791</u></b>
<b>REPRESENTED BY</b>		
Cash	<b>\$ <u>42,969</u></b>	<b>\$ <u>97,791</u></b>

(See accompanying Notes to Financial Statements)

**CANADIAN OWNERS AND PILOTS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**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, 2018**

**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 comprised of articles for resale and promotion. It is valued at the lower of cost and net realizable value. Cost is determined using the average cost method.

**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.

## CANADIAN OWNERS AND PILOTS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2018

## 4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2018	Net Book Value 2017
Furniture and fixtures	\$ 50,489	\$ (41,335)	\$ 9,154	\$ 10,278
Computer equipment	231,909	(149,877)	82,032	48,520
Leasehold improvements	<u>5,051</u>	<u>(1,393)</u>	<u>3,658</u>	<u>4,354</u>
TOTAL	<u>\$ 287,449</u>	<u>\$ (192,605)</u>	<u>\$ 94,844</u>	<u>\$ 63,152</u>

## 5. INVESTMENTS

	Initial Cost	Maturity Date	Yield	2018 Fair Value	2017 Fair Value
<b>Short-term investments</b>					
Province of BC	147,762	18-12-19	4.100%	\$ <u>136,858</u>	\$ <u>0</u>
<b>Long-term investments</b>					
NBI Preferred Equity Income	93,207	N/A	N/A	95,206	0
PIMCO Monthly Income Fund	41,661	N/A	N/A	40,348	0
NBC Auto Callable Contingent	64,684	N/A	N/A	68,814	0
Province of BC	135,000	18-12-19	4.100%	0	140,118
Province of Ontario	173,181	02-06-20	4.200%	158,091	198,699
Industrial Alliance	51,457	23-02-27	2.640%	51,043	51,350
Horizons Active Floating Rate	70,170	N/A	N/A	0	9,750
Horizons Active Preferred	104,940	N/A	N/A	0	112,289
RBC High Yield Bond	62,963	N/A	N/A	58,323	105,638
BMO INTL Dividend ETF	108,795	N/A	N/A	92,276	118,985
BMO US Dividend ETF	170,927	N/A	N/A	174,018	213,451
Horizons Active Cdn Div ETF	161,199	N/A	N/A	152,434	252,164
Horizons E/I US EQ-E ETF	100,878	N/A	N/A	0	104,190
Ishares Core S&P 500 ETF	149,923	N/A	N/A	169,814	226,733
Ishares Core S&P/TSX ETF	159,464	N/A	N/A	146,768	234,732
NBC Auto Callable Contingent	70,170	N/A	N/A	67,616	101,624
Vanguard FTSE Developed ETF	92,300	N/A	N/A	91,266	125,493
BMO Equal Weight REITS Index	45,842	N/A	N/A	48,617	109,150
				<u>1,414,634</u>	<u>2,104,366</u>
				<u>\$ 1,551,492</u>	<u>\$ 2,104,366</u>

## CANADIAN OWNERS AND PILOTS ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED DECEMBER 31, 2018

#### 6. COMMITMENTS

The Association has leased office space at an annual rate of rent of approximately \$28,631 per year plus HST and operating costs, estimated at \$37,928 for 2019, effective until March 31, 2025.

The Association has entered into a four year Professional Services Agreement with Canadian Aviator Publishing Ltd. effective July 1, 2016 to assist with the editing and design of COPA Flight magazine. This agreement requires the Association to issue payments totaling \$152,500 plus HST per year.

The Association has entered into a conference space contract with the Fairmont Queen Elizabeth for accommodations and meals relating to the 2020 IAOPA Conference. In the situation that the event is cancelled, the Association would be liable to pay a cancellation fee of \$38,219.

The Association has entered into a conference space contract with the Fairmont Le Chateau Montebello for accommodations and meals for the Montebello Fly-In occurring in January 2019. The approximate value of this contract is \$27,905.

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

2019	\$ 15,400
2020	\$ 10,919
2021	\$ 3,733

The Association has entered into a contract with LudoStudio with the purpose of redesigning the website and to provide ongoing support. Total annual payments as a result of this ongoing contract are \$2,495 plus HST, with an additional \$6,495 plus HST becoming payable once the COPA store is online.

The Association has entered into a rental agreement with Special Event Rentals for various items including tent, tables and chairs in relation to the Innisfail Convention in 2019. As a result of this agreement, the Association is required to pay 44,852 plus GST, of which a 50% deposit has already been paid. Should this contract be cancelled, a 5% administration fee will be charged.

The Association has entered into a contract for Business Advisory Services with OTUS Strategic Financial Business Planning Inc. As a result of this contract, the Association is required to pay a professional fee of \$55,000 plus HST. Of this amount, \$40,000 was paid in 2018, and the remainder will be due in 2019.

## CANADIAN OWNERS AND PILOTS ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED DECEMBER 31, 2018

#### 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. 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>2018</b>	<b>2017</b>
Total Assets	\$ <u><b>209,758</b></u>	\$ <u>200,576</u>
Total liabilities	\$ <b>6,539</b>	\$ 3,363
Fund balances	<u>173,219</u>	<u>197,213</u>
Total liabilities and fund balances	\$ <u><b>179,758</b></u>	\$ <u>200,576</u>
Total revenue	\$ <b>17,966</b>	\$ 43,797
Total expenses	<u>41,960</u>	<u>14,283</u>
Excess of expenses over revenue for the year	\$ <u><b>(23,994)</b></u>	\$ <u>29,514</u>
Cash provided (used) by operating activities	\$ <b>(6,182)</b>	\$ 28,054
Cash provided (used) in investing activities	<u>6,258</u>	<u>(80,897)</u>
Net change in cash during the year	\$ <u><b>76</b></u>	\$ <u>(52,843)</u>
Due to / (from) COPA	\$ <u><b>(29,039)</b></u>	\$ <u>1,273</u>
Administration fees paid to COPA	\$ <u><b>2,267</b></u>	\$ <u>0</u>

**CANADIAN OWNERS AND PILOTS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**7. RELATED PARTIES (CONTINUED)**

<b>COPA Special Action Fund Inc. operating as "Freedom to Fly Fund"</b>	<b>2018</b>	<b>2017</b>
Total assets	\$ <u><b>750,301</b></u>	\$ <u><b>858,666</b></u>
Total liabilities	\$ <b>58,515</b>	\$ 23,767
Internally restricted net assets	<b>10,000</b>	10,000
Unrestricted net assets	<u><b>682,786</b></u>	<u>824,899</u>
Total liabilities and net assets	\$ <u><b>751,301</b></u>	\$ <u><b>858,666</b></u>
Total revenue	\$ <b>7,212</b>	\$ 84,797
Total expenses	<u><b>128,641</b></u>	<u>87,935</u>
Excess of expenses over revenue	\$ <u><b>(121,429)</b></u>	\$ <u><b>(3,138)</b></u>
Cash used in operating activities	\$ <b>(102,678)</b>	\$ 73,377
Cash used in investing activities	<u><b>148,878</b></u>	<u>(301,829)</u>
Net increase in cash during the year	\$ <u><b>46,200</b></u>	\$ <u><b>(228,452)</b></u>
Due to / (from) COPA	\$ <u><b>58,515</b></u>	\$ <u>23,767</u>
Administration fees paid to COPA	\$ <u><b>9,703</b></u>	\$ <u>8,683</u>

**CANADIAN OWNERS AND PILOTS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**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, 2018:

**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.

**b) 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.

**c) 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.

**d) 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 has no interest-bearing liability. Fluctuations in market rates of interest on cash do not have a significant impact on the Association'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.