

ROYAL AVIATION MUSEUM OF WESTERN CANADA INC.
Non-consolidated Financial Statements
For the year ended December 31, 2024

ROYAL AVIATION MUSEUM OF WESTERN CANADA INC.

Non-consolidated Financial Statements

For the year ended December 31, 2024

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Independent Auditor's Report

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

Opinion

We have audited the non-consolidated financial statements of **Royal Aviation Museum of Western Canada Inc.** (the Museum), which comprise the non-consolidated statement of financial position as at December 31, 2024, and the non-consolidated statement of changes in fund balances, non-consolidated statement of operations and the non-consolidated statement of cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Museum as at December 31, 2024, and its non-consolidated results of operations and its non-consolidated cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

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 Non-consolidated Financial Statements* section of our report. We are independent of the Museum in accordance with the ethical requirements that are relevant to our audit of the non-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.

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

Management is responsible for the preparation and fair presentation of these non-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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Museum'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 Museum or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the non-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 non-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 non-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 Museum'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 Museum'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 non-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 Museum to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-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.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
May 29, 2025

Royal Aviation Museum of Western Canada Inc. Non-consolidated Statement of Financial Position

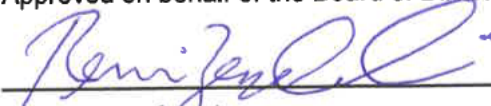
As at December 31


	Operating Fund	Capital Fund	Endowment Fund	2024 Total	2023 Total
Assets					
Current Assets					
Cash and bank	\$ 206,045	\$ -	\$ -	\$ 206,045	\$ 118,520
Restricted cash and bank (Note 3)	63,532	-	-	63,532	171,453
Investments (Note 4)	-	20,387	-	20,387	117,367
Receivables	12,268	-	-	12,268	88,297
Inventory (Note 5)	136,007	-	-	136,007	116,714
Prepays	10,056	-	-	10,056	24,821
	427,908	20,387	-	448,295	637,172
Due from related party (Note 14)	-	6,279	-	6,279	-
Property and equipment (Note 6)	-	34,320,360	-	34,320,360	35,973,760
Collections (Note 7)	-	2,201,133	-	2,201,133	1,939,214
Interfund balance (Note 8)	(87,782)	63,117	24,665	-	-
	\$ 340,126	\$ 36,611,276	\$ 24,665	\$ 36,976,067	\$ 38,550,146

Liabilities and Fund Balances

Current Liabilities					
Bank indebtedness (Note 9)	\$ 64,000	\$ 23,041	\$ -	\$ 87,041	-
Payables and accruals (Note 10)	446,938	-	24,665	471,603	316,900
Deferred revenue	60,070	-	-	60,070	48,971
Deferred contributions (Note 11)	132,575	-	-	132,575	195,496
Loans payable (Note 9)	-	766,236	-	766,236	1,407,903
	703,583	789,277	24,665	1,517,525	1,969,270
Commitments (Note 12)					
Fund Balances					
Unrestricted (deficit)	(363,457)	-	-	(363,457)	(100,038)
Externally restricted	-	35,821,999	-	35,821,999	36,680,914
	(363,457)	35,821,999	-	35,458,542	36,580,876
	\$ 340,126	\$ 36,611,276	\$ 24,665	\$ 36,976,067	\$ 38,550,146

Approved on behalf of the Board of Directors:


 _____ Director


 _____ Director

Rennie Zegal (Chair)

Kacie Olbrecht (Treasurer)

Royal Aviation Museum of Western Canada Inc. Non-consolidated Statement of Changes in Fund Balances

For the year ended December 31

	Operating Fund	Capital Fund	Endowment Fund	2024 Total	2023 Total
Balance , beginning of year	(100,038)	36,680,914	-	36,580,876	36,575,609
Excess (deficiency) of revenue over expenses for the year	66,606	(1,188,940)	-	(1,122,334)	5,267
Interfund transfer					
Appropriation	(250,000)	250,000	-	-	-
Equipment acquisitions	(80,025)	80,025	-	-	-
Balance , end of year	\$ (363,457)	\$ 35,821,999	\$ -	\$ 35,458,542	\$ 36,580,876

The accompanying notes are an integral part of these non-consolidated financial statements.

Royal Aviation Museum of Western Canada Inc. Non-consolidated Statement of Operations

For the year ended December 31

	Operating Fund 2024	Capital Fund 2024	Endowment Fund 2024	Total All Funds 2024	Operating Fund 2023	Capital Fund 2023	Endowment Fund 2023	Total All Funds 2023
Revenue								
Admissions	\$ 617,460	\$ -	\$ -	\$ 617,460	\$ 629,113	\$ -	\$ -	\$ 629,113
Annual passes	52,099	-	-	52,099	64,509	-	-	64,509
Donations	887,739	614,986	24,665	1,527,390	577,953	2,419,067	8,898	3,005,918
Education program	148,551	-	-	148,551	93,258	-	-	93,258
Event rentals	390,278	-	-	390,278	350,916	-	-	350,916
Fundraising gala	448,095	-	-	448,095	375,823	-	-	375,823
Gift shop sales	291,390	-	-	291,390	265,705	-	-	265,705
Grants								
City of Winnipeg	50,957	-	-	50,957	49,500	-	-	49,500
Government of Canada	-	-	-	-	20,000	-	-	20,000
Province of Manitoba	2,864	-	-	2,864	3,143	-	-	3,143
Interest	4,112	-	-	4,112	21,515	-	-	21,515
Parking fees	81,516	-	-	81,516	94,178	-	-	94,178
Other	60,644	-	-	60,644	64,367	-	-	64,367
Contributions from The Winnipeg Foundation (Note 13)	164,153	-	-	164,153	151,442	-	-	151,442
	3,199,858	614,986	24,665	3,839,509	2,761,422	2,419,067	8,898	5,189,387
Expenses								
Administrative and general	359,776	-	-	359,776	327,994	-	-	327,994
Admission and programming	44,452	-	-	44,452	19,521	-	-	19,521
Collections and exhibits	81,660	-	-	81,660	81,009	-	-	81,009
Depreciation	-	1,733,425	-	1,733,425	-	1,734,856	-	1,734,856
Education	2,925	-	-	2,925	3,076	-	-	3,076
Energy, water and sewer	83,326	-	-	83,326	111,000	-	-	111,000
Event rental	70,843	-	-	70,843	77,751	-	-	77,751
Facility maintenance and building	229,103	-	-	229,103	332,957	-	-	332,957
Fundraising	274,948	-	-	274,948	247,605	35,131	-	282,736
Gift shop	156,787	-	-	156,787	211,360	-	-	211,360
Interest on loan	-	70,501	-	70,501	-	126,226	-	126,226
Marketing and promotion	107,987	-	-	107,987	103,400	-	-	103,400
Parking	25,681	-	-	25,681	19,923	-	-	19,923
Property taxes	184,250	-	-	184,250	150,994	-	-	150,994
Rent for King Edward facility	209,416	-	-	209,416	203,843	-	-	203,843
Salaries and benefits	1,302,098	-	-	1,302,098	1,278,264	110,312	-	1,388,576
Contribution to The Winnipeg Foundation (Note 13)	-	-	24,665	24,665	-	-	8,898	8,898
	3,133,252	1,803,926	24,665	4,961,843	3,168,697	2,006,525	8,898	5,184,120
Excess (deficiency) of revenue over expenses for the year	\$ 66,606	\$ (1,188,940)	\$ -	\$ (1,122,334)	\$ (407,275)	\$ 412,542	\$ -	\$ 5,267

The accompanying notes are an integral part of these non-consolidated financial statements.

Royal Aviation Museum of Western Canada Inc. Non-consolidated Statement of Cash Flows

For the year ended December 31	2024	2023
Cash provided by (used in):		
Operating Activities		
Operating Fund deficiency of revenue over expenses for the year \$	66,606	\$ (407,275)
Adjustments for items not affecting cash		
Forgivable portion of loan	-	(20,000)
	66,606	(427,275)
Changes in non-cash working capital balances		
Receivables	76,029	46,346
Inventory	(19,293)	27,019
Prepays	14,765	12,948
Payables and accrued liabilities	138,936	135,126
Deferred revenue	11,099	(14,983)
Deferred contributions	(62,921)	195,496
	225,221	(25,323)
Investing Activities		
Decrease (increase) in restricted cash and bank, net	107,921	(163,953)
Net decrease in investments	96,980	681,437
Acquisition of property and equipment	(80,025)	(226,742)
Acquisition of collections	(146,970)	-
Disposal of collections	126,772	-
Due to The Winnipeg Foundation (Note 10)	15,767	(213,379)
	120,445	77,363
Financing Activities		
Capital Fund excess (deficiency) of revenue over expenses for the year	(1,188,940)	412,542
Adjustments for items not affecting cash		
Depreciation	1,733,425	1,734,856
Donation in-kind - capital	(248,000)	-
Increase (decrease) in bank indebtedness, net of repayments	87,041	(9,581)
Loan repayments	(641,667)	(2,121,284)
	(258,141)	16,533
Net increase in cash and bank during the year	87,525	68,573
Cash and bank, beginning of year	118,520	49,947
Cash and bank, end of year	\$ 206,045	\$ 118,520

Royal Aviation Museum of Western Canada Inc.

Notes to Non-consolidated Financial Statements

For the year ended December 31, 2024

1. Description of the Museum

The Royal Aviation Museum of Western Canada Inc. (the Museum) is a world-class facility filled with interactive experiences and inspirational storytelling. The Museum has as its goal to engage visitors with stories of Canada's aviation and aerospace heritage while providing an environment to inspire future generations of aviators and innovators. The Museum has quickly become a signature attraction in Winnipeg, Manitoba.

The Museum is a not-for-profit organization incorporated under The Corporations Act in Manitoba without share capital. The Museum is designated as a charitable organization under the *Income Tax Act, Canada* and is exempt from income taxes.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

The non-consolidated financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

b. Basis of Accounting for Controlled Entities

The Museum has not consolidated the financial statements of its controlled entities, 3039677 Manitoba Ltd. and Western Canada Aviation Museum Foundation Inc. The summary financial statements are disclosed in Note 14.

c. Fund Accounting

The Operating Fund reports all revenue and expenses related to Museum operations and special projects.

The Capital Fund reports the assets, liabilities, revenue and expenses related to property, equipment and collections, and the Capital Campaign.

The Endowment Fund reports resources contributed for endowment. The Museum has as its policy to contribute all endowment funds received to the Royal Aviation Museum Endowment Funds held and managed by The Winnipeg Foundation. As a result, endowment contributions received are approved for contribution to The Winnipeg Foundation in the same fiscal year.

Royal Aviation Museum of Western Canada Inc.

Notes to Non-consolidated Financial Statements

For the year ended December 31, 2024

2. Summary of Significant Accounting Policies (continued)

d. Revenue Recognition

The Museum follows the restricted fund method of accounting for contributions, which include donations and grants.

Restricted contributions related to general operations and special projects are recognized as revenue in the Operating Fund in the year in which the related expenses are incurred. Restricted contributions related to acquisition of property, equipment, collections and debt repayment are recognized as revenue in the Capital Fund in the year received or receivable. Pledges of financial support are not recorded in the non-consolidated financial statements until the funds are received. Externally restricted contributions required to be maintained permanently as endowment are recognized as revenue of the Endowment Fund when received. Unrestricted contributions are recognized as revenue of the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue of the appropriate fund based on restrictions imposed. Unrestricted investment income are recognized as revenue of the Operating Fund in the period that corresponds to the year to which they relate.

Admissions, gift shop and parking revenue are recognized as revenue at the point of sale.

Annual passes revenue are recognized as revenue in the period that corresponds to the year to which they relate.

Education program fees are recognized as revenue when services are rendered.

Event rentals and fundraising gala revenue are recognized as revenue in the year that the event occurs.

e. Inventory

The inventory of merchandise acquired for resale is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Net realizable value is the estimated selling price less the costs necessary to make the sale.

Royal Aviation Museum of Western Canada Inc.

Notes to Non-consolidated Financial Statements

For the year ended December 31, 2024

2. Summary of Significant Accounting Policies (continued)

f. Property and Equipment

Purchased property and equipment are recorded at historical cost. Contributed property and equipment are recorded at fair value at the date of contribution.

Property and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Building and building components	10 to 56 years
Educational exhibits	10 years
Furniture and equipment	10 years
Storage and frame buildings	25 years
Outdoor signs	5 years

g. Collections

The Museum's collections are capitalized in the Non-consolidated Statement of Financial Position at cost, but are not subject to amortization. When cost cannot be reasonably determined, collections or items in a collection are capitalized at a nominal value. Purchased items are reported at cost. Contributions of collection items are reported at cost, which is deemed to be the item's fair value at the date of contribution as determined by industry appraisals plus all costs directly attributable to the acquisition. When fair value cannot be determined, the contribution is recognized at a nominal value.

h. Volunteer Services

Many volunteers have contributed significant amounts of their time to the Museum's activities. No amount has been reflected in the non-consolidated financial statements for donated services as the amount cannot be reasonably estimated.

i. Contributed Materials and Services

Donated materials and services are recorded when the materials or services would have to be purchased if they were not donated, and where an estimate of fair value can be reasonably determined.

Royal Aviation Museum of Western Canada Inc.

Notes to Non-consolidated Financial Statements

For the year ended December 31, 2024

2. Summary of Significant Accounting Policies (continued)

j. Financial Instruments

Arm's length financial instruments are recorded at fair value at initial recognition.

Related party financial instruments quoted in an active market or those with observable inputs significant to the determination of fair value or derivative contracts are recorded at fair value at initial recognition. All other related party financial instruments are recorded at cost at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

k. Use of Estimates

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The significant estimates include estimated useful life of properties and equipment and valuation of collections. Actual results could differ from these estimates.

3. Restricted Cash and Bank

Restricted cash and bank represents resources restricted to fund special projects.

4. Investments

Investments comprise of a demand savings account.

Royal Aviation Museum of Western Canada Inc. Notes to Non-consolidated Financial Statements

For the year ended December 31, 2024

5. Inventory

Inventory is comprised primarily of gift shop merchandise and souvenirs. Inventory recognized as an expense during the year was \$156,787 (2023 - \$211,360).

6. Property and Equipment

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Buildings and building components	\$ 31,973,796	\$ 2,999,354	\$ 31,961,545	\$ 2,013,443
Educational exhibits	5,012,927	1,480,021	4,954,597	978,728
Furniture and equipment	2,858,635	1,076,152	2,849,190	831,014
Storage building	157,749	157,749	157,749	157,749
Frame building	27,083	13,691	27,083	12,607
Land in St. Andrews	17,137	-	17,137	-
	\$ 40,047,327	\$ 5,726,967	\$ 39,967,301	\$ 3,993,541
Net book value		\$ 34,320,360		\$ 35,973,760

7. Collections

The Museum's collections include aircrafts and artifacts maintained by the Museum. During the year, the Museum acquired aircrafts and artifacts for its collection with a cost of \$146,970 (nil in 2023), accepted a contribution in-kind with a cost of \$248,000 (nil in 2023) and disposed of aircraft engines included in its collection for proceeds equivalent to its cost totalling \$133,051 (nil in 2023).

8. Interfund Balance

The interfund balance due has no specific terms of repayment, is non-interest bearing, is unsecured and is due on demand.

Royal Aviation Museum of Western Canada Inc.

Notes to Non-consolidated Financial Statements

For the year ended December 31, 2024

9. Credit Facilities

Line of Credit

During the year, the Museum obtained a line of credit with authorized limit of \$250,000 and interest at the lender's prime plus 1.00% with effective rate of 6.45% at December 31, 2024. Security for the line of credit is as follows:

- Registered 1st multi-purpose mortgage of the property located at 3 Industrial Road, St. Andrews, Manitoba in the minimum amount of \$250,000.
- General assignment of rents and leases registered on Title and in Manitoba Personal Property Registry.
- Assignment of all risks fire and theft insurance satisfactory to the lender and its solicitors on all machinery, equipment, inventory, fixtures, buildings, improvements together with business interruption insurance.
- Any other standard security as reasonably requested by the lender and/or its solicitors.

Loans Payable

	2024	2023
Loan payable - Floating interest at lender's prime rate of 5.45% at December 31, 2024, interest payable monthly, due on demand, secured as noted below, matures May 2025 with unpaid balance on maturity converted to a demand loan with scheduled monthly blended principal and interest repayment amortized over 15 years with floating interest at the lender's prime rate plus 1%.	\$ 757,186	\$ 1,358,853
Promissory note - Interest-free, no specific terms of repayment, unsecured	9,050	9,050
Loan payable - Canada Emergency Business Account (CEBA) - Repaid during the year	-	40,000
	\$ 766,236	\$ 1,407,903

Security for the loan payable is as follows:

- General Security Agreement over all assets of the Museum, which represent a first charge on all site specific assets presently owned and thereafter acquired, including all proceeds and revenue of the borrower, to be registered in the Manitoba Personal Property Registry.

Royal Aviation Museum of Western Canada Inc.

Notes to Non-consolidated Financial Statements

For the year ended December 31, 2024

9. Credit Facilities (continued)

- General Assignment of Capital Campaign fundraising pledges, to be registered in the Manitoba Personal Property Registry.
- Assignment of lease over real property (building only) known as the Aviation Museum.
- Letter of Direction specifying 90% of confirmed Capital Campaign pledges amounting to \$6,210,000 to be received in 2021 to 2024 will be directed towards repayment of the loan.
- Letter of undertaking specifying new/additional Capital Campaign pledges to be raised and received exclusive of the \$6,210,000 confirmed pledges will be directed towards repayment of the loan.
- Assignment of adequate all risk insurance coverage.

Subsequent to year end, the Museum obtained an additional loan for \$210,000 to fully pay property taxes, arrears and penalties and revolve the line of credit. This loan bears interest at the lender's prime plus 1.00% with effective rate of 6.45% at December 31, 2024 and monthly blended principal and interest repayment over 120 months starting on the month immediately following the interest adjustment date. Security for the loan payable is the same as for the line of credit except that the that the mortgage registration will be increased to \$460,000.

10. Payables and Accruals

	2024	2023
Operating Fund		
Trade accounts payable	\$ 93,291	\$ 48,431
Accrued liabilities	122,538	98,668
Government remittances	231,109	160,903
	446,938	308,002
Endowment Fund		
Due to The Winnipeg Foundation	24,665	8,898
	\$ 471,603	\$ 316,900

Royal Aviation Museum of Western Canada Inc. Notes to Non-consolidated Financial Statements

For the year ended December 31, 2024

11. Deferred Contributions

Deferred contributions represent contributions received for the following:

	Balance at Beginning of Year	Recognized Received During the Year	Recognized as Revenue or Repaid During the Year	Balance End of Year
Education program	72,000	\$ 149,875	110,000	\$ 111,875
Translation	123,496	-	102,796	20,700
	\$ 195,496	\$ 149,875	\$ 212,796	\$ 132,575

12. Commitments

The Museum has an operating lease for warehouse space on King Edward Street, Winnipeg, which has been terminated subsequent to year end on January 15, 2025 with total payments required for the year ending December 31, 2024 of \$7,000.

The Museum has an operating lease with the Winnipeg Airports Authority for the land on which the new facility has been constructed with a term ending April 2076. Annual rental payments include basic rent of \$1 and an annual Airport Maintenance Charge of \$8,654 including nonrebataable GST per year. The Museum is also responsible for payment of property taxes which are not presented in the minimum lease payments below since the amount of the annual property taxes due cannot be reasonably estimated at the date of approval of these nonconsolidated financial statements.

The minimum annual lease payments for the next five years and in aggregate are as follows:

2025	\$ 15,655
2026	8,655
2027	8,655
2028	8,655
2029	8,655
	<u>50,275</u>
	\$ 50,275

Royal Aviation Museum of Western Canada Inc. Notes to Non-consolidated Financial Statements

For the year ended December 31, 2024

13. Endowment Funds Held by The Winnipeg Foundation

The Museum has agreements with The Winnipeg Foundation whereby donors may choose to contribute to Royal Aviation Museum Endowment Funds held and managed by The Winnipeg Foundation. In addition, the Province of Manitoba established the Royal Aviation Museum of Western Canada Inc. Signature Museum Sustainability Fund. The Winnipeg Foundation will preserve the capital contributed to these funds and will distribute all income generated thereon to the Museum in perpetuity.

The endowment funds balances held and managed by The Winnipeg Foundation are not reflected in the Museum's non-consolidated financial statements. The fair value of each of the funds is as follows at December 31:

	2024	2023
Royal Aviation Museum Endowment Fund	\$ 2,459,671	\$ 2,095,023
Royal Aviation Museum of Western Canada Inc. Signature Museum Sustainability Fund	1,671,783	1,614,468
	\$ 4,131,454	\$ 3,709,491

During the year, the Museum received \$164,153 (2023 - \$151,442) from distributions in accordance with The Winnipeg Foundation's spending policy. The Museum has a balance available to spend of nil (2023 - \$68,396 which is included in receivables in the Non-consolidated Statement of Financial Position).

During the year, the Museum approved the transfer of endowment contributions received during the year \$24,665 (2023 - \$8,898) to The Winnipeg Foundation which is presented as an expense on the Non-consolidated Statement of Operations and included in payables and accruals in the Non-consolidated Statement of Financial Position.

Royal Aviation Museum of Western Canada Inc.

Notes to Non-consolidated Financial Statements

For the year ended December 31, 2024

14. Controlled Entities and Related Party Transactions

3039677 Manitoba Ltd.

The Museum controls 3039677 Manitoba Ltd. which is a Canadian Controlled Private Corporation (the Corporation) that sells aircraft engines and parts for resale.

Summary financial statements of the Corporation for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
<u>Balance Sheet</u>		
Total assets	\$ 15,607	\$ -
Total liabilities	\$ 15,601	\$ -
Total retained earnings	6	-
	\$ 15,607	\$ -
 <u>Statement of of Operations</u>		
Total revenue	\$ 133,065	-
Total expenses	133,059	-
Net income for the year	\$ 6	\$ -

During the year, the Museum sold aircraft engines that were part of their collections for their cost of \$133,051 (2023 - nil) to 3039677 Manitoba Ltd which were subsequently sold to arm's length parties for their cost. These transactions occurred to reduce the number of artifacts held by the Museum after efforts to donate to other aviation museums were exhausted. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties which was determined to be fair value.

The Museum has a balance due from the Corporation of \$6,279 (2023 - nil) at December 31, 2024 which is interest-free, is unsecured and bears no specific terms of repayment. The balance arose as a result of the sale of aircraft engines to the Corporation.

Royal Aviation Museum of Western Canada Inc.

Notes to Non-consolidated Financial Statements

For the year ended December 31, 2024

14. Controlled Entities and Related Party Transactions (continued)

Western Canada Aviation Museum Foundation Inc.

The Western Canada Aviation Museum Foundation (the Foundation) was established to raise funds and generate investment income for granting to the Museum for its operations and special projects. The Executive of the Museum Board of Directors acts as Trustees of the Foundation. Due to the economic interest in the Foundation, the Foundation is controlled by the Museum. The Foundation is designated as a public foundation under the Income Tax Act, Canada.

Summary financial statements of the Foundation for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
<u>Statement of Financial Position</u>		
Total assets	\$ 2,374	\$ 134,310
Total liabilities	\$ -	\$ -
Total net assets	\$ 2,374	\$ 134,310
	\$ 2,374	\$ 134,310
 <u>Statement of of Operations</u>		
Total revenue	\$ -	2,960
Total expenses	131,936	-
Excess (deficiency) of revenue over expenses for the year	\$ (131,936)	\$ 2,960

15. Capital Campaign

In 2022, the Museum completed construction on its largest transformation in its 46-year history, which involved a fundraising project to build a world-class aviation museum on a prime lot proximate to the Winnipeg James A. Richardson International Airport. Pledges of financial support are not recorded in the non-consolidated financial statements until the funds are received. The Museum is dependent on donors for their contributions to extinguish the loan payable related to construction. The Capital Campaign continues to receive contributions to fund repayment of the outstanding credit facilities.

Royal Aviation Museum of Western Canada Inc.

Notes to Non-consolidated Financial Statements

For the year ended December 31, 2024

16. Financial Instruments Risk Management

The Museum is exposed to different types of risk in the normal course of operations, including credit, liquidity and interest risk. The Museum manages risk and risk exposure by applying policies approved by the Board of Directors.

Credit Risk

Credit risk is the risk that the Museum will incur a loss due to the failure by its debtor to meet their contractual obligations. Financial instruments which potentially subject the Museum to credit risk consist primarily of cash and bank, investments and receivables. The Museum is not exposed to significant credit risk since receivables are due from multiple sources. There has been no change in credit risk since the prior year.

Liquidity Risk

Liquidity risk is the risk that the Museum will not be able to meet its obligations as they fall due. The financial instruments which potentially subject the Museum to liquidity risk consist primarily of payables and loans payable. The Museum manages its liquidity by maintaining adequate levels of working capital to ensure obligations can be met when they fall due and uses its line of credit for cash flows. Subsequent to year end, the Museum has obtained an additional loan. The Museum is economically dependent on its donors to fund payment of interest on debt, repayment of debt and programming.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Museum is exposed to interest rate risk since its investments are held in a deposit account with floating interest rates and the line of credit and loan payable are at a floating rate. The Museum does not use derivative instruments to reduce exposure to interest risk.