

Financial Statements of

**PARRY SOUND AREA MUNICIPAL  
AIRPORT COMMISSION**

Year ended December 31, 2018

# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Financial Statements Index

Year ended December 31, 2018

---

	Page
Independent Auditors' Report	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Changes in Net Financial Assets (Debt)	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 8



KPMG LLP  
Claridge Executive Centre  
144 Pine Street  
Sudbury Ontario P3C 1X3  
Canada  
Telephone (705) 675-8500  
Fax (705) 675-7586

## INDEPENDENT AUDITORS' REPORT

To the Parry Sound Area Municipal Airport Commission

### **Opinion**

We have audited the financial statements of Parry Sound Area Municipal Airport Commission, which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net assets (debt) for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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 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.

### **Responsibility 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 public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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 related 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.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 risk 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, internal 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 purposes 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 the 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's 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.

*KPMG LLP*

---

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 4, 2019

# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

## Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial assets</b>		
Cash	\$ 43,839	\$ 44,856
Accounts receivable	46,946	65,550
Inventories for resale	38,801	22,844
	<u>129,586</u>	<u>133,250</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	17,415	40,758
Due to the Township of Seguin (note 2)	25,000	-
Deferred revenue	11,116	94,855
	<u>53,531</u>	<u>135,613</u>
Net financial assets (debt)	76,055	(2,363)
<b>Non-financial assets</b>		
Tangible capital assets (note 3)	5,247,454	5,025,961
Prepaid expenses	5,505	5,592
	<u>5,252,959</u>	<u>5,031,553</u>
Accumulated surplus (note 4)	<u>\$ 5,329,014</u>	<u>\$ 5,029,190</u>

The accompanying notes are an integral part of these financial statement.

Approved on behalf of the Commission:

\_\_\_\_\_  
Commissioner

# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2018, with comparative information for 2017

	2018 Budget	2018 Actual	2017 Actual
<b>Revenues:</b>			
Government transfers:			
Municipal	\$ 50,000	50,000	\$ 50,000
Provincial	133,675	172,575	296,325
Federal	130,076	170,076	274,924
Contributions from third parties	-	20,000	-
Sale of fuel and oil	303,400	467,115	310,037
Sales - Wings Café	96,000	85,556	86,993
Tie downs	9,500	8,460	10,233
Leases and office rentals	276,374	305,685	255,231
Other	13,000	13,297	46,555
<b>Total revenues</b>	<b>1,012,025</b>	<b>1,292,764</b>	<b>1,330,298</b>
<b>Expenses:</b>			
Wages and benefits	249,885	236,952	226,754
Fuel and oil	226,150	321,228	242,521
Amortization of tangible capital assets	252,000	252,251	221,866
Office supplies and miscellaneous	21,750	17,598	38,379
Wings	44,000	36,605	42,183
Repairs and maintenance	32,300	24,889	36,657
Telephone and utilities	27,260	27,409	27,764
Professional fees	16,500	33,491	64,273
Advertising and memberships	15,500	18,798	14,181
Insurance	15,000	13,172	13,964
Bank charges and interest	8,700	10,547	8,954
<b>Total expenses</b>	<b>909,045</b>	<b>992,940</b>	<b>937,496</b>
<b>Annual surplus</b>	<b>102,980</b>	<b>299,824</b>	<b>392,802</b>
<b>Accumulated surplus, beginning of year</b>	<b>5,029,190</b>	<b>5,029,190</b>	<b>4,636,388</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 5,132,170</b>	<b>5,329,014</b>	<b>\$ 5,029,190</b>

The accompanying notes are an integral part of these financial statement.

# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

## Statement of Changes in Net Financial Assets (Debt)

Year ended December 31, 2018, with comparative information for 2017

	2018 Budget	2018 Actual	2017 Actual
Annual surplus	\$ 102,980	299,824	\$ 392,802
Acquisition of tangible capital assets	(289,057)	(473,744)	(758,271)
Amortization of tangible capital assets	252,000	252,251	221,866
	65,923	78,331	(143,603)
Acquisition of prepaid expenses	(5,505)	(5,505)	(5,592)
Use of prepaid expenses	5,592	5,592	5,592
Change in net financial assets	66,010	78,418	(143,603)
Net financial assets (debt), beginning of year	(2,363)	(2,363)	141,240
Net financial assets (debt), end of year	\$ 63,647	76,055	\$ (2,363)

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



# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

## Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 299,824	\$ 392,802
Item not involving cash:		
Amortization of tangible capital assets	252,251	221,866
	552,075	614,668
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	18,604	(37,760)
Decrease (increase) in inventory for resale	(15,957)	2,608
Increase (decrease) in accounts payable and accrued liabilities	(23,343)	15,442
Increase (decrease) in due to the Township of Seguin	25,000	-
Increase (decrease) in deferred revenue	(83,739)	32,563
Increase in prepaid expenses	87	-
Net change in cash from operating activities	472,727	627,521
Capital activities:		
Cash used to acquire tangible capital assets	(473,744)	(758,271)
Net change in cash from capital activities	(473,744)	(758,271)
Net change in cash	(1,017)	(130,750)
Cash, beginning of year	44,856	175,606
Cash, end of year	\$ 43,839	\$ 44,856

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

# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements

Year ended December 31, 2018

---

## 1. Significant accounting policies:

The financial statements of the Parry Sound Area Municipal Airport Commission (the "Airport") are the representation of management prepared in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Airport are as follows:

### (a) Grants:

Government grants are recognized in the financial statements as revenue in the year in which events giving rise to the event occur, providing the grants are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

### (b) Inventories for resale:

Inventory of goods held for resale at the Airport have been valued at the lower of cost and net realizable value by using first-in first-out inventory costing methodology.

### (c) Tangible capital assets:

Tangible capital assets are recorded at cost. Amortization is provided over the estimated useful lives of the assets using the straight-line basis as follows:

---

Buildings	40 years
Furniture and fixtures	3 - 10 years
Equipment	10 - 15 years
Runway and parking lot	10 - 40 years
Septic and wells	40 years

---

Assets under construction are not amortized until they are placed into use.

In the year of acquisition or usage, half of the annual amortization charge is taken.

### (d) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include valuation allowances for accounts receivable and inventories for resale. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

## 2. Due to Township of Seguin:

A note payable in the amount of \$25,000 (2017 - \$Nil) was owing to the Township of Seguin. The loan was unsecured and bears interest at TD Composite prime and has no specific terms of repayment.

# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements

Year ended December 31, 2018

### 3. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Land	\$ 43,002	-	-	43,002
Runway and parking	3,520,083	-	-	3,520,083
Buildings	2,145,957	457,285	-	2,603,242
Septic, wells and water	789,472	-	-	789,472
Furniture and fixtures	30,182	1,589	-	31,771
Equipment	606,633	14,870	-	621,503
<b>Total</b>	<b>\$ 7,135,329</b>	<b>473,744</b>	<b>-</b>	<b>7,609,073</b>

Accumulated Amortization	Balance at December 31, 2017	Disposals	Amortization	Balance at December 31, 2018
Land	\$ -	-	-	-
Runway and parking	1,470,409	-	129,301	1,599,710
Buildings	322,439	-	65,070	387,509
Septic, wells and water	132,762	-	19,737	152,499
Furniture and fixtures	24,566	-	1,019	25,585
Equipment	159,192	-	37,124	196,316
<b>Total</b>	<b>\$ 2,109,368</b>	<b>-</b>	<b>252,251</b>	<b>2,361,619</b>

	Net book value, December 31, 2017	Net book value, December 31, 2018
Land	\$ 43,002	43,002
Runway and parking	2,049,674	1,920,373
Buildings	1,823,518	2,215,733
Septic, wells and water	656,710	636,973
Furniture and fixtures	5,616	6,186
Equipment	447,441	425,187
<b>Total</b>	<b>\$ 5,025,961</b>	<b>5,247,454</b>

# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements

Year ended December 31, 2018

### 3. Tangible capital assets (continued):

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Land	\$ 43,002	-	-	43,002
Runway and parking	3,520,083	-	-	3,520,083
Buildings	1,703,084	442,873	-	2,145,957
Septic, wells and water	760,842	28,630	-	789,472
Furniture and fixtures	30,182	-	-	30,182
Equipment	319,865	286,768	-	606,633
<b>Total</b>	<b>\$ 6,377,058</b>	<b>758,271</b>	<b>-</b>	<b>7,135,329</b>

Accumulated Amortization	Balance at December 31, 2016	Disposals	Amortization	Balance at December 31, 2017
Land	\$ -	-	-	-
Runway and parking	1,340,837	-	129,572	1,470,409
Buildings	278,177	-	44,262	322,439
Septic, wells and water	113,383	-	19,379	132,762
Furniture and fixtures	23,495	-	1,071	24,566
Equipment	131,610	-	27,582	159,192
<b>Total</b>	<b>\$ 1,887,502</b>	<b>-</b>	<b>221,866</b>	<b>2,109,368</b>

	Net book value, December 31, 2016	Net book value, December 31, 2017
Land	\$ 43,002	43,002
Runway and parking	2,179,246	2,049,674
Buildings	1,424,907	1,823,518
Septic, wells and water	647,459	656,710
Furniture and fixtures	6,687	5,616
Equipment	188,255	447,441
<b>Total</b>	<b>\$ 4,489,556</b>	<b>5,025,961</b>

# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements

Year ended December 31, 2018

---

## 4. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 5,247,454	\$ 5,025,961
Reserves set aside for future operations	81,560	3,229
	<u>\$ 5,329,014</u>	<u>\$ 5,029,190</u>