

Financial Statements of

**PARRY SOUND AREA MUNICIPAL
AIRPORT COMMISSION**

Year ended December 31, 2019

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Financial Statements Index

Year ended December 31, 2019

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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, 2019
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net assets 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, 2019, 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 9, 2020

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Financial assets		
Cash	\$ 175,307	\$ 43,839
Accounts receivable	525,054	46,946
Inventories for resale	45,011	38,801
	<u>745,372</u>	<u>129,586</u>
Financial liabilities		
Accounts payable and accrued liabilities	342,385	17,415
Due to the Township of Seguin (note 2)	250,000	25,000
Deferred revenue	21,256	11,116
	<u>613,641</u>	<u>53,531</u>
Net financial assets	131,731	76,055
Non-financial assets		
Tangible capital assets (note 3)	6,120,248	5,247,454
Prepaid expenses	6,295	5,505
	<u>6,126,543</u>	<u>5,252,959</u>
Subsequent event (note 5)		
Accumulated surplus (note 4)	<u>\$ 6,258,274</u>	<u>\$ 5,329,014</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, 2019, with comparative information for 2018

	2019 Budget	2019 Actual	2018 Actual
Revenues:			
Government transfers:			
Municipal	\$ 50,000	50,000	\$ 50,000
Provincial	495,000	495,000	172,575
Federal	495,000	495,000	170,076
Contributions from third parties	110,000	10,000	20,000
Sale of fuel and oil	341,850	360,183	467,115
Sales - Wings Café	87,000	87,762	85,556
Tie downs	8,600	7,525	8,460
Leases and office rentals	308,176	321,085	305,685
Other	13,100	42,605	13,297
Total revenues	1,908,726	1,869,160	1,292,764
Expenses:			
Wages and benefits	251,752	241,172	236,952
Fuel and oil	252,600	256,761	321,228
Amortization of tangible capital assets	275,000	278,538	252,251
Office supplies and miscellaneous	19,750	12,279	17,598
Wings	36,700	36,384	36,605
Repairs and maintenance	35,524	36,098	24,889
Telephone and utilities	30,700	26,862	27,409
Professional fees	16,600	11,205	33,491
Advertising and memberships	19,100	16,964	18,798
Insurance	15,000	15,555	13,172
Bank charges and interest	9,000	8,082	10,547
Total expenses	961,726	939,900	992,940
Annual surplus	947,000	929,260	299,824
Accumulated surplus, beginning of year	5,329,014	5,329,014	5,029,190
Accumulated surplus, end of year	\$ 6,276,014	6,258,274	\$ 5,329,014

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

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	2019 Budget	2019 Actual	2018 Actual
Annual surplus	\$ 947,000	929,260	\$ 299,824
Acquisition of tangible capital assets	(1,172,000)	(1,151,332)	(473,744)
Amortization of tangible capital assets	275,000	278,538	252,251
	50,000	56,466	78,331
Acquisition of prepaid expenses	(5,505)	(6,295)	(5,505)
Use of prepaid expenses	5,505	5,505	5,592
Change in net financial assets	50,000	55,676	78,418
Net financial assets (debt), beginning of year	76,055	76,055	(2,363)
Net financial assets, end of year	\$ 126,055	131,731	\$ 76,055

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, 2019, with comparative information for 2018

	2018	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 929,260	\$ 299,824
Item not involving cash:		
Amortization of tangible capital assets	278,538	252,251
	1,207,798	552,075
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	(478,108)	18,604
Increase in inventory for resale	(6,210)	(15,957)
Increase (decrease) in accounts payable and accrued liabilities	324,970	(23,343)
Increase in due to the Township of Seguin	225,000	25,000
Increase (decrease) in deferred revenue	10,140	(83,739)
Decrease (increase) in prepaid expenses	(790)	87
Net change in cash from operating activities	1,282,800	472,727
Capital activities:		
Cash used to acquire tangible capital assets	(1,151,332)	(473,744)
Net change in cash from capital activities	(1,151,332)	(473,744)
Net change in cash	131,468	(1,017)
Cash, beginning of year	43,839	44,856
Cash, end of year	\$ 175,307	\$ 43,839

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, 2019

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 \$250,000 (2019 - \$25,000) 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, 2019

3. Tangible capital assets:

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Land	\$ 43,002	-	-	43,002
Runway and parking	3,520,083	-	-	3,520,083
Buildings	2,603,242	4,111	-	2,607,353
Land improvements	789,472	1,100,187	-	1,889,659
Furniture and fixtures	31,771	-	-	31,771
Equipment	621,503	47,034	-	668,537
Total	\$ 7,609,073	1,151,332	-	8,760,405

Accumulated Amortization	Balance at December 31, 2018	Disposals	Amortization	Balance at December 31, 2019
Land	\$ -	-	-	-
Runway and parking	1,599,710	-	120,495	1,720,205
Buildings	387,509	-	84,281	471,790
Land improvements	152,499	-	33,489	185,988
Furniture and fixtures	25,585	-	1,259	26,844
Equipment	196,316	-	39,014	235,330
Total	\$ 2,361,619	-	278,538	2,640,157

	Net book value, December 31, 2018	Net book value, December 31, 2019
Land	\$ 43,002	43,002
Runway and parking	1,920,373	1,799,878
Buildings	2,215,733	2,135,563
Land improvements	636,973	1,703,671
Furniture and fixtures	6,186	4,927
Equipment	425,187	433,207
Total	\$ 5,247,454	6,120,248

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements

Year ended December 31, 2019

3. Tangible capital assets (continued):

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
Land improvements	789,472	-	-	789,472
Furniture and fixtures	30,182	1,589	-	31,771
Equipment	606,633	14,870	-	621,503
Total	\$ 7,135,329	473,744	-	7,609,073

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
Land improvements	132,762	-	19,737	152,499
Furniture and fixtures	24,566	-	1,019	25,585
Equipment	159,192	-	37,124	196,316
Total	\$ 2,109,368	-	252,251	2,361,619

	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
Land improvements	656,710	636,973
Furniture and fixtures	5,616	6,186
Equipment	447,441	425,187
Total	\$ 5,025,961	5,247,454

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements

Year ended December 31, 2019

4. Accumulated surplus:

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

	2019	2018
Surplus:		
Invested in tangible capital assets	\$ 6,120,248	\$ 5,247,454
Reserves set aside for future operations	138,026	81,560
	<u>\$ 6,258,274</u>	<u>\$ 5,329,014</u>

5. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Airport is not known at this time.