

Financial Statements of

**PARRY SOUND AREA MUNICIPAL  
AIRPORT COMMISSION**

Year ended December 31, 2020

# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

## Financial Statements Index

Year ended December 31, 2020

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## 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, 2020
- 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, 2020, 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.



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- 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*

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Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

July 6, 2021

# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

## Statement of Financial Position

December 31, 2020, with comparative information for 2019

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| <b>Financial assets</b>                  |                     |                     |
| Cash                                     | \$ 172,214          | \$ 175,307          |
| Accounts receivable                      | 116,460             | 525,054             |
| Inventories for resale                   | 34,758              | 45,011              |
|  | <u>323,432</u>      | <u>745,372</u>      |
| <b>Financial liabilities</b>             |                     |                     |
| Accounts payable and accrued liabilities | 28,676              | 342,385             |
| Due to the Township of Seguin (note 2)   | -                   | 250,000             |
| Deferred revenue                         | 19,723              | 21,256              |
|  | <u>48,399</u>       | <u>613,641</u>      |
| Net financial assets                     | 275,033             | 131,731             |
| <b>Non-financial assets</b>              |                     |                     |
| Tangible capital assets (note 3)         | 5,939,360           | 6,120,248           |
| Prepaid expenses                         | 6,925               | 6,295               |
|  | <u>5,946,285</u>    | <u>6,126,543</u>    |
| Effects of COVID-19 (note 5)             |                     |                     |
| Accumulated surplus (note 4)             | <u>\$ 6,221,318</u> | <u>\$ 6,258,274</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, 2020, with comparative information for 2019

|   | 2020<br>Budget      | 2020<br>Actual      | 2019<br>Actual      |
|---|---------------------|---------------------|---------------------|
| <b>Revenues:</b>                        |                     |                     |                     |
| Government transfers:                   |                     |                     |                     |
| Municipal                               | \$ 50,000           | \$ 50,000           | \$ 50,000           |
| Provincial                              | -                   | -                   | 495,000             |
| Federal                                 | -                   | 69,875              | 495,000             |
| Contributions from third parties        | -                   | -                   | 10,000              |
| Sale of fuel and oil                    | 365,900             | 319,071             | 360,183             |
| Sales - Wings Café                      | 88,200              | 44,516              | 87,762              |
| Tie downs                               | 8,600               | 9,017               | 7,525               |
| Leases and office rentals               | 319,116             | 320,894             | 321,085             |
| Other                                   | 15,000              | 7,988               | 42,605              |
| <b>Total revenues</b>                   | <b>846,816</b>      | <b>821,361</b>      | <b>1,869,160</b>    |
| <b>Expenses:</b>                        |                     |                     |                     |
| Wages and benefits                      | 264,836             | 223,707             | 241,172             |
| Fuel and oil                            | 260,390             | 215,751             | 256,761             |
| Amortization of tangible capital assets | 284,000             | 284,456             | 278,538             |
| Office supplies and miscellaneous       | 20,050              | 7,238               | 12,279              |
| Wings                                   | 36,500              | 21,330              | 36,384              |
| Repairs and maintenance                 | 37,800              | 40,688              | 36,098              |
| Telephone and utilities                 | 30,202              | 21,857              | 26,862              |
| Professional fees                       | 13,100              | 13,022              | 11,205              |
| Advertising and memberships             | 17,600              | 4,842               | 16,964              |
| Insurance                               | 17,900              | 17,336              | 15,555              |
| Bank charges and interest               | 8,650               | 8,090               | 8,082               |
| <b>Total expenses</b>                   | <b>991,028</b>      | <b>858,317</b>      | <b>939,900</b>      |
| <b>Annual surplus (deficit)</b>         | <b>(144,212)</b>    | <b>(36,956)</b>     | <b>929,260</b>      |
| Accumulated surplus, beginning of year  | 6,258,274           | 6,258,274           | 5,329,014           |
| <b>Accumulated surplus, end of year</b> | <b>\$ 6,114,062</b> | <b>\$ 6,221,318</b> | <b>\$ 6,258,274</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

Year ended December 31, 2020, with comparative information for 2019

|   | 2020<br>Budget | 2020<br>Actual | 2019<br>Actual |
|---|----------------|----------------|----------------|
| Annual surplus (deficit)                | \$ (144,212)   | \$ (36,956)    | \$ 929,260     |
| Acquisition of tangible capital assets  | (50,000)       | (103,568)      | (1,151,332)    |
| Amortization of tangible capital assets | 284,000        | 284,456        | 278,538        |
|   | 89,788         | 143,932        | 56,466         |
| Acquisition of prepaid expenses         | (6,925)        | (6,925)        | (6,295)        |
| Use of prepaid expenses                 | 6,925          | 6,295          | 5,505          |
| Change in net financial assets          | 89,788         | 143,302        | 55,676         |
| Net financial assets, beginning of year | 131,731        | 131,731        | 76,055         |
| Net financial assets, end of year       | \$ 221,519     | \$ 275,033     | \$ 131,731     |

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, 2020, with comparative information for 2019

|  | 2020        | 2019        |
|--|-------------|-------------|
| Cash provided by (used in):  |             |             |
| Operating activities:  |             |             |
| Annual surplus (deficit)   | \$ (36,956) | \$ 929,260  |
| Item not involving cash:   |             |             |
| Amortization of tangible capital assets                            | 284,456     | 278,538     |
|  | 247,500     | 1,207,798   |
| Change in non-cash assets and liabilities:                         |             |             |
| Decrease (increase) in accounts receivable                         | 408,594     | (478,108)   |
| Increase (decrease) in inventory for resale                        | 10,253      | (6,210)     |
| Increase (decrease) in accounts payable<br>and accrued liabilities | (313,709)   | 324,970     |
| Increase (decrease) in due to the Township of Seguin               | (250,000)   | 225,000     |
| Increase (decrease) in deferred revenue                            | (1,533)     | 10,140      |
| Decrease in prepaid expenses                                       | (630)       | (790)       |
| Net change in cash from operating activities                       | 100,475     | 1,282,800   |
| Capital activities:  |             |             |
| Cash used to acquire tangible capital assets                       | (103,568)   | (1,151,332) |
| Net change in cash from capital activities                         | (103,568)   | (1,151,332) |
| Net change in cash   | (3,093)     | 131,468     |
| Cash, beginning of year  | 175,307     | 43,839      |
| Cash, end of year  | \$ 172,214  | \$ 175,307  |

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, 2020

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## 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:

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|                        |               |
|------------------------|---------------|
| 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      |

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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 Nil (2019 - \$250,000) is owing to the Township of Seguin. The loan is unsecured, 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, 2020

### 3. Tangible capital assets:

| Cost                   | Balance at<br>December 31,<br>2019 | Additions      | Disposals | Balance at<br>December 31,<br>2020 |
|------------------------|------------------------------------|----------------|-----------|------------------------------------|
| Land                   | \$ 43,002                          | -              | -         | \$ 43,002                          |
| Runway and parking     | 3,520,083                          | 93,167         | -         | 3,613,250                          |
| Buildings              | 2,607,353                          | -              | -         | 2,607,353                          |
| Land improvements      | 1,889,659                          | 5,295          | -         | 1,894,954                          |
| Furniture and fixtures | 31,771                             | -              | -         | 31,771                             |
| Equipment              | 668,537                            | 5,106          | -         | 673,643                            |
| <b>Total</b>           | <b>\$ 8,760,405</b>                | <b>103,568</b> | <b>-</b>  | <b>\$ 8,863,973</b>                |

| Accumulated<br>Amortization | Balance at<br>December 31,<br>2019 | Amortization   | Balance at<br>December 31,<br>2020 |
|-----------------------------|------------------------------------|----------------|------------------------------------|
| Land                        | \$ -                               | -              | \$ -                               |
| Runway and parking          | 1,720,205                          | 111,651        | 1,831,856                          |
| Buildings                   | 471,790                            | 83,580         | 555,370                            |
| Land improvements           | 185,988                            | 47,308         | 233,296                            |
| Furniture and fixtures      | 26,844                             | 1,091          | 27,935                             |
| Equipment                   | 235,330                            | 40,826         | 276,156                            |
| <b>Total</b>                | <b>\$ 2,640,157</b>                | <b>284,456</b> | <b>\$ 2,924,613</b>                |

|                        | Net book value,<br>December 31,<br>2019 | Net book value,<br>December 31,<br>2020 |
|------------------------|---|---|
| Land                   | \$ 43,002                               | \$ 43,002                               |
| Runway and parking     | 1,799,878                               | 1,781,394                               |
| Buildings              | 2,135,563                               | 2,051,983                               |
| Land improvements      | 1,703,671                               | 1,661,658                               |
| Furniture and fixtures | 4,927                                   | 3,836                                   |
| Equipment              | 433,207                                 | 397,487                                 |
| <b>Total</b>           | <b>\$ 6,120,248</b>                     | <b>\$ 5,939,360</b>                     |

# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements

Year ended December 31, 2020

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

| Cost                   | Balance at<br>December 31,<br>2018 | Additions        | Disposals | Balance at<br>December 31,<br>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                            |
| <b>Total</b>           | <b>\$ 7,609,073</b>                | <b>1,151,332</b> | <b>-</b>  | <b>\$ 8,760,405</b>                |

| Accumulated<br>Amortization | Balance at<br>December 31,<br>2018 | Amortization   | Balance at<br>December 31,<br>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                            |
| <b>Total</b>                | <b>\$ 2,361,619</b>                | <b>278,538</b> | <b>\$ 2,640,157</b>                |

|                        | Net book value,<br>December 31,<br>2018 | Net book value,<br>December 31,<br>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                                 |
| <b>Total</b>           | <b>\$ 5,247,454</b>                     | <b>\$ 6,120,248</b>                     |

# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements

Year ended December 31, 2020

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#### 4. Accumulated surplus:

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

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| Surplus:                                 |                     |                     |
| Invested in tangible capital assets      | \$ 5,939,360        | \$ 6,120,248        |
| Reserves for Infrastructure              | 10,387              | –                   |
| Reserves set aside for future operations | 271,571             | 138,026             |
|  | <u>\$ 6,221,318</u> | <u>\$ 6,258,274</u> |

#### 5. Effects of COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provides additional evidence relating to conditions that existed as at year end. At the time of approval of these financial statements, the Airport has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Enhanced protocols implemented in line with Public Health guidelines; and
- Put in place measures to limit and control access to the premises by staff and the general public.

Management has assessed the financial impacts and there are no additional adjustments required to the financial statements at this time.