

Financial Statements of

**PARRY SOUND AREA MUNICIPAL  
AIRPORT COMMISSION**

And Independent Auditor's Report thereon

Year ended December 31, 2023



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## **INDEPENDENT AUDITOR'S 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, 2023
- the statement of operations and accumulated surplus for the year then ended
- the statement of statement of changes in net 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, 2023, 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 “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s 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.



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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 auditor's 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 auditor's 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

January 22, 2025

# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

## Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
<b>Financial assets:</b>		
Cash	\$ 106,831	\$ 63,966
Accounts receivable	19,257	103,196
Inventories for resale	56,453	81,517
	<u>182,541</u>	<u>248,679</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	35,126	50,257
Deferred revenue	31,883	19,723
Due to Town of Parry Sound (note 2)	2,300,000	-
Due to Seguin Township (note 2)	3,977,077	2,495,290
	<u>6,344,086</u>	<u>2,565,270</u>
Net debt	(6,161,545)	(2,316,591)
<b>Non-financial assets:</b>		
Tangible capital assets (note 3)	19,591,364	12,181,019
Prepaid expenses	10,659	9,842
	<u>19,602,023</u>	<u>12,190,861</u>
Accumulated surplus (note 4)	\$ 13,440,478	\$ 9,874,270

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

# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

## Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023	2022
<b>Revenues:</b>			
Government transfers			
Municipal	\$ 50,000	\$ 50,000	\$ 50,000
Provincial	1,617,500	2,787,067	1,424,613
Federal	2,124,739	1,174,470	2,205,241
Contributions from third parties	-	-	7,500
Sales of fuel and oil	536,475	402,076	576,288
Sales - Wings Café	76,000	63,101	55,261
Tie downs	14,500	8,490	11,659
Leases and office rentals	371,390	372,430	353,869
Other revenue	17,150	19,088	12,157
<b>Total revenue</b>	<b>4,807,754</b>	<b>4,876,722</b>	<b>4,696,588</b>
<b>Expenses:</b>			
Wages and benefits	377,432	322,861	298,912
Fuel and oil	429,840	291,437	447,099
Amortization of tangible capital assets	465,000	464,797	282,555
Office supplies and miscellaneous	10,650	17,903	7,834
Cost of sales - Wings Café	30,000	30,027	28,754
Repairs and maintenance	57,580	51,923	79,405
Telephone and utilities	27,503	27,315	26,630
Professional fees	15,700	49,927	13,130
Advertising and memberships	16,000	24,260	15,070
Insurance	23,600	22,406	20,499
Bank charges and interest	9,250	7,658	25,304
<b>Total expenses</b>	<b>1,462,555</b>	<b>1,310,514</b>	<b>1,245,192</b>
<b>Annual surplus</b>	<b>3,345,199</b>	<b>3,566,208</b>	<b>3,451,396</b>
Accumulated surplus, beginning of the year	9,874,270	9,874,270	6,422,874
<b>Accumulated surplus, end of year</b>	<b>\$ 13,219,469</b>	<b>\$ 13,440,478</b>	<b>\$ 9,874,270</b>

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

# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

## Statement of Change in Net Debt

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023	2022
Annual surplus	\$ 3,345,199	\$ 3,566,208	\$ 3,451,396
Acquisition of tangible capital assets	(7,900,000)	(7,875,142)	(6,326,148)
Amortization of tangible capital assets	465,000	464,797	282,555
	(4,089,801)	(3,844,137)	(2,592,197)
Acquisition of prepaid expenses	(10,659)	(10,659)	(9,842)
Use of prepaid expenses	10,659	9,842	8,884
Change in net financial debt	(4,089,801)	(3,844,954)	(2,593,155)
Net assets (debt), beginning of the year	(2,316,591)	(2,316,591)	276,564
Net debt, end of the year	(6,406,392)	\$ (6,161,545)	\$ (2,316,591)

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, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 3,566,208	\$ 3,451,396
Items not involving cash:		
Amortization	464,797	282,555
	4,031,005	3,733,951
Change in non-cash assets and liabilities:		
Decrease in accounts receivable	83,939	46,950
Decrease (increase) in inventories for resale	25,064	(27,757)
Increase (decrease) in accounts payable and accrued liabilities	(15,131)	7,005
Increase (decrease) in deferred revenue	12,160	(2,686)
Increase in prepaid expenses	(817)	(958)
Net change in cash from operating activities	4,136,220	3,756,505
Financing activities:		
Increase in due to Town of Parry Sound	2,300,000	-
Increase in due to Seguin Township	1,481,787	2,495,290
Net change in cash from financing activities	3,781,787	2,495,290
Capital activities:		
Cash used to acquire tangible capital assets	(7,875,142)	(6,326,148)
Net change in cash from capital activities	(7,875,142)	(6,326,148)
Net change in cash	42,865	(74,353)
Cash, beginning of year	63,966	138,319
Cash, end of year	\$ 106,831	63,966

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, 2023

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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 generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. 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 has 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 at the following rates:

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Buildings	40 years
Furniture and fixtures	3 - 10 years
Equipment	10 - 15 years
Runway and parking Lot	10 - 40 years
Land Improvements	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 generally accepted accounting principles 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 inventory. 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.

# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (e) Financial instruments:

The Airport initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Airport subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market or financial assets or liabilities designated to the fair value category, which are subsequently measured at fair value. Unrealized changes in fair value are recognized in the statement of operations in the period they occur.

Financial assets measured at amortized cost include cash, taxes receivable, user charges receivable, grants receivable and other account receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in operations. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in operations, in the period it is identified and measurable, up to the amount of the previously recognized impairment.

## 2. Due to Seguin Township and the Town of Parry Sound:

A note payable in the amount of \$3,977,077 (2022 - \$2,495,290) is owing to the Township of Seguin and another in the amount of \$2,300,000 is owing to the Town of Parry Sound. At this time, 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 (continued)

Year ended December 31, 2023

### 3. Tangible capital assets:

Cost	Balance December 31, 2022	Additions	Disposals	Balance at December 31, 2023
Land	\$ 43,002	\$ -	\$ -	\$ 43,002
Runway and parking	10,390,788	7,869,998	-	18,260,786
Buildings	2,637,592	-	-	2,637,592
Land improvements	1,894,954	-	-	1,894,954
Furniture and fixtures	31,771	5,144	-	36,915
Equipment	673,643	-	-	673,643
<b>Total</b>	<b>\$ 15,671,750</b>	<b>\$ 7,875,142</b>	<b>\$ -</b>	<b>\$ 23,546,892</b>

Accumulated amortization	Balance December 31, 2022	Disposals	Amortization expense	Balance at December 31, 2023
Land	\$ -	\$ -	\$ -	\$ -
Runway and parking	2,054,542	-	294,115	2,348,657
Buildings	722,837	-	84,036	806,873
Land improvements	328,044	-	47,374	375,418
Furniture and fixtures	28,827	-	857	29,684
Equipment	356,481	-	38,415	394,896
<b>Total</b>	<b>\$ 3,490,731</b>	<b>\$ -</b>	<b>\$ 464,797</b>	<b>\$ 3,955,528</b>

	Net book value December 31, 2022	Net book value December 31, 2023
Land	\$ 43,002	\$ 43,002
Runway and parking	8,336,246	15,912,129
Buildings	1,914,755	1,830,719
Land improvements	1,566,910	1,519,536
Furniture and fixtures	2,944	7,231
Equipment	317,162	278,747
<b>Total</b>	<b>\$ 12,181,019</b>	<b>\$ 19,591,364</b>

# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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

Cost	Balance December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Land	\$ 43,002	\$ -	\$ -	\$ 43,002
Runway and parking	4,064,640	6,326,148	-	10,390,788
Buildings	2,637,592	-	-	2,637,592
Land improvements	1,894,954	-	-	1,894,954
Furniture and fixtures	31,771	-	-	31,771
Equipment	673,643	-	-	673,643
<b>Total</b>	<b>\$ 9,345,602</b>	<b>\$ 6,326,148</b>	<b>\$ -</b>	<b>\$ 15,671,750</b>

Accumulated amortization	Balance December 31, 2021	Disposals	Amortization expense	Balance at December 31, 2022
Land	\$ -	\$ -	\$ -	\$ -
Runway and parking	1,943,199	111,343	-	2,054,542
Buildings	638,801	84,036	-	722,837
Land improvements	280,670	47,374	-	328,044
Furniture and fixtures	28,618	209	-	28,827
Equipment	316,888	39,593	-	356,481
<b>Total</b>	<b>\$ 3,208,176</b>	<b>\$ 282,555</b>	<b>\$ -</b>	<b>\$ 3,490,731</b>

	Net book value December 31, 2021	Net book value December 31, 2022
Land	\$ 43,002	\$ 43,002
Runway and parking	2,121,441	8,336,246
Buildings	1,998,791	1,914,755
Land improvements	1,614,284	1,566,910
Furniture and fixtures	3,153	2,944
Equipment	356,755	317,162
<b>Total</b>	<b>\$ 6,137,426</b>	<b>\$ 12,181,019</b>

# PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 4. Accumulated surplus:

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

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	2023	2022
Surplus:		
Invested in tangible capital assets	\$ 12,986,609	\$ 9,484,725
Other	–	89,946
Total surplus	12,986,609	9,574,671
Reserve for infrastructure	51,142	38,705
Reserves set aside for future operations	402,727	260,894
	<hr/> \$ 13,440,478	<hr/> \$ 9,874,270

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