

Saugeen Municipal Airport
Financial Statements
For the year ended December 31, 2023

	Contents
Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Change in Net Debt	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 14



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Independent Auditor's Report

To the Members of Saugeen Municipal Airport

Opinion

We have audited the financial statements of Saugeen Municipal Airport (the Entity), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, its changes in net debt, 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 responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our 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 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 misstatement, 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 these 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 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 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 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 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.

Chartered Professional Accountants, Licensed Public Accountants

Hanover, Ontario
August 26, 2024

Saugeen Municipal Airport Statement of Financial Position

December 31	2023	2022
Financial assets		
Accounts receivable	\$ 32,177	\$ 17,703
Inventories	26,114	22,155
	58,291	39,858
Liabilities		
Bank indebtedness (Note 4)	18,134	30,975
Accounts payable and accrued liabilities	39,985	18,899
Deferred revenue	12,947	18,661
Long-term debt (Note 5)	87,472	107,477
	158,538	176,012
Net debt	(100,247)	(136,154)
Non-financial assets		
Tangible capital assets (Note 3)	755,770	754,276
Accumulated surplus (Note 6)	\$ 655,523	\$ 618,122

On behalf of the Board:

_____ Director

_____ Director

Saugeen Municipal Airport Statement of Operations

For the year ended December 31	2023	2023	2022
	Budget	Actual	Actual
Revenue			
Aircraft fuel	\$ 185,100	\$ 177,873	\$ 195,394
Municipal contributions (Note 7)	154,500	154,530	154,530
User fees	77,600	68,761	78,270
Gain on disposal of tangible capital assets	-	11,915	-
Other revenue	73,300	54,483	23,146
	<u>490,500</u>	<u>467,562</u>	<u>451,340</u>
Expenses			
Advertising and promotion	2,000	1,633	230
Amortization of tangible capital assets	-	35,456	40,362
Bank charges and interest	8,000	8,032	10,498
Insurance	13,000	12,850	12,472
Interest on long-term debt	4,800	5,078	3,932
Fuel purchases	147,000	166,548	152,082
Membership fees	-	155	-
Office	2,900	3,303	5,322
Professional	26,400	25,107	51,973
Property development	20,000	-	-
Property tax	19,300	24,067	19,248
Repairs and maintenance	52,800	23,273	31,814
Service agreements	124,100	114,537	112,477
Telephone	2,000	2,028	2,317
Utilities	11,400	8,094	12,881
	<u>433,700</u>	<u>430,161</u>	<u>455,608</u>
Annual surplus (deficit)	56,800	37,401	(4,268)
Accumulated surplus, beginning of the year	<u>618,122</u>	<u>618,122</u>	<u>622,390</u>
Accumulated surplus, end of the year	<u>\$ 674,922</u>	<u>\$ 655,523</u>	<u>\$ 618,122</u>

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

Saugeen Municipal Airport
Statement of Change in Net Debt

For the year ended December 31	2023	2023	2022
	Budget	Actual	Actual
Annual surplus (deficit)	\$ 56,800	\$ 37,401	\$ (4,268)
Acquisition of tangible capital assets	(7,000)	(38,249)	(49,000)
Proceeds on sale of tangible capital assets	-	13,214	-
Amortization of tangible capital assets	-	35,456	40,362
Gain on disposal of tangible capital assets	-	(11,915)	-
	(7,000)	(1,494)	(8,638)
Change in net debt	49,800	35,907	(12,906)
Net debt, beginning of the year	(136,154)	(136,154)	(123,248)
Net debt, end of the year	\$ (86,354)	\$ (100,247)	\$ (136,154)

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

Saugeen Municipal Airport Statement of Cash Flows

For the year ended December 31	2023	2022
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ 37,401	\$ (4,268)
Items not involving cash		
Amortization of tangible capital assets	35,456	40,362
Gain on disposal of assets	(11,915)	-
	<u>60,942</u>	<u>36,094</u>
Changes in non-cash balances		
Accounts receivable	(14,474)	10,792
Deferred revenue	(5,714)	3,281
Inventories	(3,959)	(3,965)
Accounts payable and accrued liabilities	21,087	(2,137)
	<u>57,882</u>	<u>44,065</u>
Capital activities		
Acquisition of capital assets	(38,250)	(49,000)
Proceeds on sale of capital assets	13,214	-
	<u>(25,036)</u>	<u>(49,000)</u>
Financing activities		
Repayment of long-term debt	(20,005)	(19,699)
Increase (decrease) in cash during the year	12,841	(24,634)
Bank indebtedness, beginning of the year	<u>(30,975)</u>	<u>(6,341)</u>
Bank indebtedness, end of the year	<u>\$ (18,134)</u>	<u>\$ (30,975)</u>

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

Saugeen Municipal Airport Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies

Nature and Purpose of Organization

Saugeen Municipal Airport is a government partnership incorporated without share capital under the laws of the Province of Ontario. The organization provides airport services to the surrounding area.

The organization is a not-for-profit and, as such, is exempt from income tax.

The organization is dependant on funding received from area municipalities through a service agreement with Town of Hanover, Municipality of Brockton and Municipality of West Grey. The participating municipalities make up the majority of the board of directors.

Management Responsibility

The financial statements of the Saugeen Municipal Airport are the representations of management. They have been prepared in accordance with Canadian generally accepted accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Basis of Accounting

These financial statements are prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future. The use of estimates is primarily related to the useful lives of tangible capital assets.

Saugeen Municipal Airport Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Revenue Recognition User fee revenue is recognized when earned, as services are rendered to customers, providing the amount is fixed or determinable, and collectibility is reasonably assured.

Government Transfers Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributed Materials and Services Contributed materials and services which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Inventories Inventory held for resale is stated at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

Tangible Capital Assets Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair market value at the date of contribution. Where fair market value cannot be reasonably determined, contributed tangible capital assets are recorded at a nominal amount. Amortization is based on the estimated useful life of the asset and is calculated as follows:

Land	- 20 years straight-line basis
Buildings	- 25 to 40 years straight-line basis
Equipment	- 5 to 10 years straight-line basis
Infrastructure	- 5 to 80 years straight-line basis

Saugeen Municipal Airport Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Financial Instruments All financial assets and financial liabilities are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

All financial assets except derivatives are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

2. Change in Accounting Policy

Effective January 1, 2023 the organization adopted new Public Sector Accounting Handbook Standard 3450: Financial Instruments. The standard requires that the organization evaluate their financial assets and financial liabilities for recognition, measurement, derecognition and presentation and disclosure purposes. This change in accounting policy has been applied prospectively. This change in accounting policy had no quantitative impact on the financial statements at the date of change.

Sageen Municipal Airport
Notes to Financial Statements

December 31, 2023

3. Tangible Capital Assets

	2023					2022				
	Land	Buildings	Equipment	Infrastructure	Total	Land	Buildings	Equipment	Infrastructure	Total
Cost										
Beginning of year	\$ 429,022	\$ 456,353	\$ 238,031	\$ 2,021,066	\$3,144,472	\$ 429,022	\$ 456,353	\$ 189,031	\$ 2,021,066	\$ 3,095,472
Additions	-	-	-	38,250	38,250	-	-	49,000	-	49,000
Disposals	-	(9,460)	(5,834)	(88,336)	(103,630)	-	-	-	-	-
End of year	429,022	446,893	232,197	1,970,980	3,079,092	429,022	456,353	238,031	2,021,066	3,144,472
Accumulated amortization										
Beginning of year	10,871	267,825	143,658	1,967,842	2,390,196	9,963	256,188	121,471	1,962,212	2,349,834
Amortization	908	11,637	14,866	8,045	35,456	908	11,637	22,187	5,630	40,362
Disposals	-	(8,160)	(5,834)	(88,336)	(102,330)	-	-	-	-	-
End of year	11,779	271,302	152,690	1,887,551	2,323,322	10,871	267,825	143,658	1,967,842	2,390,196
Net carrying amount, end of year	\$ 417,243	\$ 175,591	\$ 79,507	\$ 83,429	\$ 755,770	\$ 418,151	\$ 188,528	\$ 94,373	\$ 53,224	\$ 754,276

Saugeen Municipal Airport
Notes to Financial Statements

December 31, 2023

4. Bank Indebtedness

	2023	2022
Bank overdraft	\$ 18,134	\$ 30,975

The organization has an operating line of credit that bears interest at the credit union's prime rate minus 0.50%, calculated and payable monthly. The loan is secured by a general security agreement covering the assets of the corporation. At December 31, 2023, the organization has credit capacity under this facility of \$75,000.

5. Long-term Debt

	2023	2022
Demand loan Meridian, prime, payable in principal monthly installments of \$711 plus interest, due on demand	\$ 53,227	\$ 61,759
Demand loan Brockton, 2.7%, payable in blended monthly installments of \$1,048, due on demand	34,245	45,718
	\$ 87,472	\$ 107,477

Meridian demand loan is secured by a general security agreement over all present and after acquired personal property and the assignment of fire insurance indicating Meridian as first loss payee over inventory and equipment.

Principal repayments for the next five years and thereafter are as follows:

2024	\$ 20,320
2025	20,643
2026	18,878
2027	8,532
2018	8,532
Thereafter	10,567
	\$ 87,472

Saugeen Municipal Airport Notes to Financial Statements

December 31, 2023

6. Accumulated Surplus

The accumulated surplus reported on the statement of financial position is comprised of the following:

	2023	2022
Invested in tangible capital assets	\$ 755,770	\$ 754,276
Amounts to be recovered	(87,472)	(107,477)
Reserve	-	14,429
General surplus (deficit)	(12,775)	(43,106)
Accumulated surplus	\$ 655,523	\$ 618,122

7. Municipal Contributions

Municipal contributions reported in the Statement of Operations are received from the municipalities in which the organization provides services from the following sources:

	2023 Budget	2023 Actual		2022 Actual
Operating grants				
Town of Hanover	\$ 47,894	\$ 47,904	31 %	\$ 47,904
Municipality of Brockton	64,893	64,903	42	64,903
Municipality of West Grey	41,713	41,723	27	41,723
	\$ 154,500	\$ 154,530	100 %	\$ 154,530

8. Public Sector Salary Disclosure Act

No employees of Saugeen Municipal Airport were paid a salary of \$100,000 or more during the year.

Saugeen Municipal Airport Notes to Financial Statements

December 31, 2023

9. Financial Instrument Risk Management

The organization is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the organization's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk through its accounts receivable.

The organization manages its credit risk by ensuring the client is in good financial standing, and follow up is done regularly on accounts.

The organization measures its exposure to credit risk based on analyzing the accounts outstanding, and determining their collectibility.

The organization's maximum exposure to credit risk at the financial statement date is the carrying value of its accounts receivable as presented on the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to liquidity risk through its accounts payable.

The organization manages its liquidity risk by monitoring cash activities and expected outflows through budgeting. The organization measures its exposure to liquidity risk based on monthly analytical procedures of comparing budget figures to actual.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization does not have significant exposure to these risks.

There have not been any changes from the prior year in the organization's exposure to credit, liquidity or market risk or the policies, procedures and methods it uses to manage and measure the risk.