
THE DAS AIRPORT
FINANCIAL STATEMENTS

DECEMBER 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors
The Town of The Pas

We have audited the accompanying financial statements of The Pas Airport, which comprise the statement of financial position as at December 31, 2014, and the statement of operations and surplus for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 for government not-for-profit organizations, including the 4200 series of 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Pas Airport as at December 31, 2014, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards.


Chartered Professional Accountants

The Pas, Manitoba
May 9, 2016

THE PAS AIRPORT

STATEMENT 1

STATEMENT OF FINANCIAL POSITION

DECEMBER 31

2014 2013

ASSETS

CURRENT

Accounts receivable (Note 3)	\$ 122,135	\$ 390,655
Inventory	<u>70,898</u>	<u>103,595</u>
	<u>\$ 193,033</u>	<u>\$ 494,250</u>

LIABILITIES

CURRENT

Accounts payable and accrued liabilities	\$ 30,157	\$ 47,112
DUE TO TOWN OF THE PAS	<u>277,296</u>	<u>438,317</u>
	307,453	485,429

NET ASSETS

SURPLUS (DEFICIT)	<u>(114,420)</u>	<u>8,821</u>
	<u>\$ 193,033</u>	<u>\$ 494,250</u>

Approved on behalf of the Board:

Director

Director

THE PAS AIRPORT

STATEMENT 2

STATEMENT OF OPERATIONS AND SURPLUS

YEAR ENDED DECEMBER 31

	2014	2013
REVENUE		
Net fuel sales (<i>Schedule 1</i>)	\$ 182,443	\$ 206,831
Grants	417,145	264,464
Rentals and leases	65,686	47,293
Service fees	411,426	444,124
Sundry	6,789	3,095
Other	<u>35,749</u>	<u>6,999</u>
	<u>1,119,238</u>	<u>972,806</u>
EXPENDITURES		
Administration		
Administration Fee - Town of The Pas	60,780	73,842
Liability insurance	14,610	14,060
Office and general	14,293	13,576
Professional fees	1,854	2,316
Staff training		234
Airside	26,829	5,556
Building operations and maintenance	105,894	75,147
Capital expenditures	452,894	271,463
Fiscal services	125,937	77,886
Machinery operations and expenditures	78,459	76,585
Safety audit	9,856	
Salaries and benefits	<u>351,073</u>	<u>353,320</u>
	<u>1,242,479</u>	<u>963,985</u>
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	(123,241)	8,821
SURPLUS (DEFICIT), <i>beginning of year</i>	8,821	(94,703)
Transfer from Capital Improvement Reserve	<u>-</u>	<u>94,703</u>
SURPLUS (DEFICIT), <i>end of year</i>	<u>\$ (114,420)</u>	<u>\$ 8,821</u>

THE PAS AIRPORT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Pas Airport (the Airport) have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board. ("PSAB for Government NPO's")

REVENUE RECOGNITION

The Airport follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or become receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions received for the purchase of capital assets are credited against the acquisition cost of such assets.

Revenues other than contributions are recognized when they are earned.

CONTRIBUTED MATERIALS AND SERVICES

Contributed materials and services are recorded at fair value when fair value can be reasonably estimated and when the materials and services are normally purchased by the Airport and would be paid for if not donated.

USE OF ESTIMATES

The preparation of financial statements in accordance with PSAB for Government NPO's requires that management 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 year. Actual results could differ from management's best estimates as additional information becomes available in the future.

FINANCIAL INSTRUMENTS

The financial instruments of the Airport consist of accounts receivable, accounts payable and accrued liabilities and balances due from / to the Town of The Pas. The Airport classifies its financial instruments as either fair value or amortized cost. The Airport's accounting policy for each category is as follows:

Fair Value

These financial instruments are initially measured at cost and are subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. Transaction costs are expensed as incurred.

When a decline in fair value occurs which is determined by the Airport to be other than of a temporary nature, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Amortized Cost

Financial instruments in this category are initially measured at cost and are subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs are added to the carrying value of the financial instrument.

If an impairment loss is determined by the Airport and there is no realistic prospect of recovery, the financial asset(s) are written down to net recoverable value with the writedown being recognized in the statement of operations.

2. RELATED PARTIES

The Airport is related to the Town of The Pas and its organizations. The Airport enters into transactions with these related parties in the normal course of business and these transactions are measured at the exchange amount.

The Airport operates in real property owned by the Town of The Pas and while the Airport maintains responsibility for most facility operating costs, no base rent amount has been recorded in the financial statements.

3. ACCOUNTS RECEIVABLE

	2014	2013
Trade	\$ 99,015	\$ 109,897
Head tax	23,120	16,294
Government Grants	-	264,464
	<u>\$ 122,135</u>	<u>\$ 390,655</u>

4. FINANCIAL INSTRUMENT CLASSIFICATION

	2014
	Fair Value Amortized Cost
Accounts receivable	\$ 122,135
Accounts payable	(30,157)
Due to Town of The Pas	(277,296)

The maximum credit risk exposure is equal to the carrying amount.

Fair Value Hierarchy

PS 3450 - Financial Instruments - requires the disclosure of a three-level hierarchy for the fair value measurements based upon the transparency of inputs to the valuation of financial instruments carried on the Statement of Financial Position at fair value.

The three levels of the fair value hierarchy are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

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DECEMBER 31, 2014

4. FINANCIAL INSTRUMENT CLASSIFICATION *(continued)*

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data.

All financial instruments measured at fair value on the statement of financial position are Level 1. There were no transfers between levels for the years ended December 31, 2014 and 2013.

5. ECONOMIC DEPENDENCE

The Pas Airport operates in facilities owned by the Town of The Pas and is substantially financed by the Town of The Pas. In order for the Airport to remain a going concern adequate government support must be maintained.

6. CAPITAL MANAGEMENT

The Airport's capital is comprised of amounts due to the Town of The Pas. The Airport's objective in managing capital is to maintain sufficient financial resources to cover the cost of its operations. The Airport manages its capital through creation, implementation and monitoring of an annual budget.

The Town of The Pas maintains an Airport Capital Improvement Reserve to provide long run stability to the operations of the Airport. As of December 31, 2014 this reserve had a balance of \$270,062 (2013- \$167,238). This reserve was substantially funded by head tax fees.

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SCHEDULE 1

SCHEDULE OF FUEL SALES

YEAR ENDED DECEMBER 31

	2014	2013
SALES	\$ <u>528,545</u>	\$ <u>773,684</u>
COST OF SALES		
Opening inventory	103,595	60,738
Purchases	313,405	609,710
Closing inventory	(<u>70,898</u>)	(<u>103,595</u>)
	<u>346,102</u>	<u>566,853</u>
GROSS PROFIT ON FUEL SALES	\$ <u>182,443</u>	\$ <u>206,831</u>