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THE PAS AIRPORT  
FINANCIAL STATEMENTS

DECEMBER 31, 2013

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**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, 2013, 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, 2013, 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.

*Collins Barrow HMA LLP*  
CHARTERED ACCOUNTANTS

The Pas, Manitoba  
October 15, 2014

# THE PAS AIRPORT

STATEMENT 1

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31

2013 2012

### ASSETS

#### CURRENT

Accounts receivable	\$ 390,655	\$ 75,944
Inventory	<u>103,595</u>	<u>60,738</u>
	\$ <u>494,250</u>	\$ <u>136,682</u>

### LIABILITIES

#### CURRENT

Accounts payable and accrued liabilities	\$ 47,112	\$ 39,435
DUE TO TOWN OF THE PAS	<u>438,317</u>	<u>191,950</u>
	485,429	231,385

### NET ASSETS

SURPLUS (DEFICIT)	<u>8,821</u>	<u>( 94,703)</u>
	\$ <u>494,250</u>	\$ <u>136,682</u>

Approved on behalf of the Board:

  
.....  
Director

  
.....  
Director

# THE PAS AIRPORT

STATEMENT 2

## STATEMENT OF OPERATIONS AND SURPLUS

YEAR ENDED DECEMBER 31

	2013	2012
REVENUE		
Fuel sales ( <i>Schedule 1</i> )	\$ 206,831	\$ 149,934
Grants	264,464	
Rentals and leases	47,293	48,536
Service fees	444,124	367,979
Sundry	3,095	4,817
Other	<u>6,999</u>	<u></u>
	<u>972,806</u>	<u>571,266</u>
EXPENDITURES		
Administration		
Administration Fee - Town of The Pas	73,842	98,408
Liability insurance	14,060	13,133
Office and general	13,576	14,072
Professional Fees	2,316	
Staff training	234	579
Airside	5,556	12,750
Building operations and maintenance	75,147	83,789
Capital expenditures	271,463	
Fiscal services	77,886	55,173
Machinery operations and expenditures	76,585	65,081
Salaries and benefits	<u>353,320</u>	<u>326,899</u>
	<u>963,985</u>	<u>669,884</u>
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	8,821	( 98,618)
DEFICIT, <i>beginning of year</i>	( 94,703)	( 6,949)
Transfer from Capital Improvement Reserve	<u>94,703</u>	<u>10,864</u>
SURPLUS (DEFICIT), <i>end of year</i>	\$ <u>8,821</u>	\$ ( <u>94,703</u> )

# THE PAS AIRPORT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

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### 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.

# THE PAS AIRPORT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

### 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. FINANCIAL INSTRUMENT CLASSIFICATION

	2013	
	Fair Value	Amortized Cost
Accounts receivable	\$	\$ 390,655
Accounts payable		( 47,112)
Due to Town of The Pas		(438,317)

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

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, 2013 and 2012.

# THE PAS AIRPORT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

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### 4. 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.

### 5. 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, 2013 this reserve had a balance of \$166,814 (2012- \$431,751). This reserve was substantially funded by head tax fees.

# THE PAS AIRPORT

SCHEDULE 1

## SCHEDULE OF FUEL SALES

YEAR ENDED DECEMBER 31

	2 0 1 3	2 0 1 2
SALES	\$ <u>773,686</u>	\$ <u>616,367</u>
COST OF SALES		
Opening inventory	60,738	82,796
Purchases	609,712	444,375
Closing inventory	<u>(103,595)</u>	<u>( 60,738)</u>
	<u>566,855</u>	<u>466,433</u>
GROSS PROFIT ON FUEL SALES	\$ <u>206,831</u>	\$ <u>149,934</u>