



Financial statements

Niagara Central Dorothy Rungeling Airport
Commission

December 31, 2022

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Independent auditor's report

Grant Thornton LLP
Suite 501
201 City Centre Drive
Mississauga, ON
L5B 2T4
T +1 416 366 0100
F +1 905 804 0509

To the Board Members of the Niagara Central Dorothy Rungeling Airport Commission, Members of Council, Inhabitants and Taxpayers of the Corporation of the City of Welland

Opinion

We have audited the financial statements of the **Niagara Central Dorothy Rungeling Airport Commission** ("the Commission"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, change in net financial assets (debt) and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **Niagara Central Dorothy Rungeling Airport Commission** as at December 31, 2022, and its results of operations, its changes in its 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 Commission 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 Commission's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission'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 Commission'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 Commission'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 Commission 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, handwritten-style script.

Mississauga, Canada
March 30, 2023

Chartered Professional Accountants
Licensed Public Accountants

Niagara Central Dorothy Rungeling Airport Commission

Statement of Operations and Accumulated Surplus

Year ended December 31, 2022

	<u>Budget 2022</u>	<u>Actual 2022</u>	<u>Actual 2021</u>
Revenue			
Bequest	\$ -	\$ 226,543	\$ -
Grants (Note 3)	154,770	154,770	154,770
Rentals	140,150	89,898	89,363
Recovered property taxes	34,000	34,507	26,685
Interest	-	4,453	474
Donations	-	3,166	1,558
Fuel net earnings (Schedule 1)	23,600	5,293	12,100
Other	18,500	82,213	1,256
	<u>371,020</u>	<u>600,843</u>	<u>286,206</u>
Expenses			
Amortization of tangible capital assets	80,000	98,247	80,269
Honorariums	1,700	904	2,517
Insurance	15,000	14,331	13,396
Interest	-	-	1,644
Interest on loans	95,820	11,334	11,835
Light, heat and water	4,700	3,146	2,704
Office	5,600	6,344	4,181
Professional fees	31,420	31,766	35,833
Promotion and marketing	1,000	4,000	200
Property taxes (Note 10)	65,000	54,719	46,262
Repairs and maintenance	32,000	52,741	23,924
Salaries and wages	38,780	9,970	8,007
	<u>371,020</u>	<u>287,502</u>	<u>230,772</u>
Annual surplus	-	313,341	55,434
Accumulated surplus, beginning of year	<u>1,349,272</u>	<u>1,349,272</u>	<u>1,293,838</u>
Accumulated surplus, end of year	<u>\$ 1,349,272</u>	<u>\$ 1,662,613</u>	<u>\$ 1,349,272</u>

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

Niagara Central Dorothy Rungeling Airport Commission

Statement of Change in Net Financial Assets (Debt)

Year ended December 31, 2022

	<u>Budget 2022</u>	<u>Actual 2022</u>	<u>Actual 2021</u>
Annual surplus	\$ -	\$ 313,341	\$ 55,434
Amortization of tangible capital assets	80,000	98,247	80,269
Acquisition of tangible capital assets, net	<u>-</u>	<u>(301,793)</u>	<u>(25,289)</u>
	<u>80,000</u>	<u>(203,546)</u>	<u>110,414</u>
Purchase of fuel inventory	(78,400)	(56,940)	(99,530)
Sale of fuel inventory	<u>102,000</u>	<u>65,047</u>	<u>91,277</u>
	<u>23,600</u>	<u>8,107</u>	<u>(8,253)</u>
Acquisition of prepaid expenses	-	(14,738)	(14,783)
Use of prepaid expenses	<u>-</u>	<u>14,783</u>	<u>15,040</u>
	<u>-</u>	<u>45</u>	<u>257</u>
Decrease in net debt	103,600	117,947	102,418
Net debt, beginning of year	<u>(110,620)</u>	<u>(110,620)</u>	<u>(213,038)</u>
Net financial assets (debt), end of year	\$ <u>(7,020)</u>	\$ <u>7,327</u>	\$ <u>(110,620)</u>

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

Niagara Central Dorothy Rungeling Airport Commission

Statement of Financial Position

December 31

2022

2021

Financial assets

Cash	\$ 91,278	\$ 124,825
Investments (Note 6)	200,000	155,630
Accounts receivable	<u>34,503</u>	<u>6,485</u>
	<u>325,781</u>	<u>286,940</u>

Financial liabilities

Accounts payable and accrued liabilities (Note 4)	40,758	30,376
Loans payable (Note 5)	253,160	334,557
Capital lease obligation (Note 9)	<u>24,536</u>	<u>32,627</u>
	<u>318,454</u>	<u>397,560</u>

Net financial assets (debt)	<u>7,327</u>	<u>(110,620)</u>
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Non-financial assets

Prepaid expenses	14,738	14,783
Fuel inventory	15,805	23,912
Tangible capital assets (Schedule 2)	<u>1,624,743</u>	<u>1,421,197</u>
	<u>1,655,286</u>	<u>1,459,892</u>

Accumulated surplus (Note 7)	\$ <u>1,662,613</u>	\$ <u>1,349,272</u>
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Approved on behalf of the Commission

 Chair

____ Chair

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

Niagara Central Dorothy Rungeling Airport Commission

Statement of Cash Flows

Year ended December 31

2022

2021

Net inflow (outflow) of cash related to the following activities:

Operating

Annual surplus	\$ 313,341	\$ 55,434
Non-cash changes to operations		
Amortization of tangible capital assets	98,247	80,269
Changes in non-cash assets and liabilities		
(Increase) decrease in accounts receivable	(28,018)	25,803
Decrease in prepaid expenses	45	257
Increase (decrease) in accounts payable		
And accrued liabilities	10,382	(37,505)
Decrease (increase) in fuel inventory	8,107	(8,253)
	<u>402,104</u>	<u>116,005</u>

Investing

Purchase of investments	(826,472)	(155,630)
Proceeds from investments	782,102	154,947
Acquisition of tangible capital assets, net	(301,793)	(25,289)
	<u>(346,163)</u>	<u>(25,972)</u>

Financing

Repayment of capital lease	(8,091)	(7,454)
Repayment of loans payable	(81,397)	(39,874)
	<u>(89,488)</u>	<u>(47,328)</u>

(Decrease) increase in cash (33,547) 42,705

Cash, beginning of year 124,825 82,120

Cash, end of year \$ 91,278 \$ 124,825

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

Niagara Central Dorothy Rungeling Airport Commission

Notes to the Financial Statements

December 31, 2022

1. Nature of operations

Niagara Central Dorothy Rungeling Airport Commission (the "Commission") operates a three-runway airport offering a year-round fixed-base operation. The Commission is funded by the four nearby municipalities; City of Welland, City of Port Colborne, Town of Pelham and the Township of Wainfleet.

All earnings of the Commission are retained and reinvested in airport operations and development.

2. Summary of significant accounting policies

The financial statements of the Commission have been prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS"), and reflect the following significant accounting policies:

Reporting entity

The financial statements reflect the financial assets, financial liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the Commission.

Budget figures

The budget approved by the Commission for 2022 is reflected on the statements of operations and accumulated surplus and change in net financial assets (debt).

Investment

Investments consist of guaranteed income certificates which are recorded at amortized cost.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed or donated tangible capital assets are recorded at their fair value at the date of receipt. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

<u>Asset</u>	<u>Useful Life</u>
Runways, taxiways and aprons	7 years
Buildings	20 years
Machinery and equipment	5 to 20 years
Infrastructure	10 to 20 years
Office equipment	5 years
Website	2 years

Niagara Central Dorothy Rungeling Airport Commission

Notes to the Financial Statements

December 31, 2022

2. Summary of significant accounting policies (continued)

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Revenue recognition

Grants are recognized when approved to the extent the related expenses have been incurred and collection can be reasonably assured.

Rentals, fuel and other revenues are recorded when the services are performed or goods are delivered and collection is reasonably assured.

Reserves for future expenses

Certain amounts, as approved by the Commission, are set aside in reserves for future operating and capital expenses.

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, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Commission may undertake in the future. Significant accounting estimates include accrued liabilities, useful lives of tangible capital assets and allowance for doubtful accounts. Actual results could differ from those estimates and may have an impact on future periods.

Niagara Central Dorothy Rungeling Airport Commission

Notes to the Financial Statements

December 31, 2022

3. Grants	<u>2022</u>	<u>2021</u>
Operating		
City of Welland	\$ 86,671	\$ 86,671
City of Port Colborne	29,406	29,406
Town of Pelham	27,858	27,858
Township of Wainfleet	<u>10,835</u>	<u>10,835</u>
	\$ 154,770	\$ 154,770
4. Accounts payable	<u>2022</u>	<u>2021</u>
Trade payables and accrued liabilities	\$ 40,548	\$ 29,247
Payable to Township of Wainfleet	<u>-</u>	<u>1,129</u>
	\$ 40,548	\$ 30,376
5. Loans payable	<u>2022</u>	<u>2021</u>
Due to the City of Welland, bearing interest of 4.3% per annum repayable in annual blended instalments of \$12,123 commencing June 15, 2019, due June 15, 2028.	\$ 64,412	\$ 73,653
Due to the City of Welland, bearing interest of 3.5% per annum repayable in annual blended instalments of \$16,533 commencing June 15, 2018, due June 15, 2027.	76,073	89,779
Due to the City of Port Colborne, bearing interest of 4.3% per annum repayable in annual blended instalments of \$4,113 commencing August 24, 2019, due August 24, 2028.	21,678	24,788
Due to the City of Port Colborne, bearing interest of 3.5% per annum repayable in annual blended instalments of \$6,012 commencing June 15, 2018, due June 15, 2027.	27,663	32,647
Due to the Town of Pelham, bearing interest of 4.3% per annum repayable in annual blended instalments of \$3,897 commencing June 15, 2019, due June 15, 2028.	20,704	23,674
Due to the Town of Pelham, bearing interest of 3.5% per annum repayable in annual blended instalments of \$5,411 commencing June 15, 2018, due June 15, 2027.	24,867	29,382

Niagara Central Dorothy Rungeling Airport Commission

Notes to the Financial Statements

December 31, 2022

5. Loans payable (continued)	<u>2022</u>	<u>2021</u>
Due to the Township of Wainfleet, bearing interest of 4.3% per annum repayable in annual blended instalments of \$1,515 commencing June 15, 2019, due June 15, 2028.	8,052	9,207
Due to the Township of Wainfleet, bearing interest of 3.5% per annum repayable in annual blended instalments of \$2,104 commencing June 15, 2018, due June 15, 2027.	9,682	11,427
Canada Emergency Business Account Loan.	<u>-</u>	<u>40,000</u>
	253,131	334,557
Amounts relating to interest expense	<u>5,020</u>	<u>5,870</u>
Balance, end of year	\$ <u>248,111</u>	\$ <u>328,687</u>

The Canada Emergency Business Account ("CEBA") is a government assistance program implemented by eligible financial institutions in cooperation with Export Development Canada. The loan was fully repaid at December 31, 2022.

Principal repayments required on loans payable for the next five years consist of the following:

2023	\$ 42,126
2024	43,735
2025	45,406
2026	47,142
2026	48,945
Thereafter	<u>20,757</u>
	\$ <u>248,111</u>

6. Investments	<u>2022</u>	<u>2021</u>
Term deposit maturing January 28, 2023, bearing interest at 3.0% per annum.	\$ 200,000	\$ -
Term deposit matured May 7, 2022, bearing interest at 0.45% per annum.	-	30,630
Term deposit, matured February 13, 2022, bearing interest at 0.5% per annum.	<u>-</u>	<u>125,000</u>
	\$ <u>200,000</u>	\$ <u>155,630</u>

Niagara Central Dorothy Rungeling Airport Commission

Notes to the Financial Statements

December 31, 2022

7. Accumulated surplus	<u>2022</u>	<u>2021</u>
Consists of		
Operating deficit	\$ (95,133)	\$ (55,462)
Reserves (Note 8)	157,539	16,164
Investment in tangible capital assets	<u>1,600,207</u>	<u>1,388,570</u>
	\$ <u>1,662,613</u>	\$ <u>1,349,272</u>

8. Reserves	<u>2022</u>	<u>2021</u>
Reserves set aside for specific purposes		
Capital expenditures		
Balance, beginning of year	\$ 16,164	\$ 16,164
Transfer of funds from operations	300,000	-
Funds used to acquire tangible capital assets	<u>(158,625)</u>	<u>-</u>
Balance, end of year	\$ <u>157,539</u>	\$ <u>16,164</u>

9. Obligations under capital lease

The Commission has leased tractor equipment under a capital lease. The lease bears interest at 3.9% and is secured with the underlying equipment. Principal and interest payments due in the next three years are as follows:

	<u>2022</u>
Principal	
2023	\$ 9,112
2024	9,112
2025	<u>7,594</u>
	25,818
Imputed interest	<u>(1,282)</u>
Balance, end of year	\$ <u>24,536</u>

Niagara Central Dorothy Rungeling Airport Commission

Notes to the Financial Statements

December 31, 2022

10. Related party transactions

The Commission is funded by the four nearby municipalities: City of Welland, City of Port Colborne, Town of Pelham and the Township of Wainfleet (Note 3). These four municipalities each have a non-controlling interest in the Commission.

Property taxes of \$54,718 (2021 - \$46,262) were paid to the Town of Pelham. All transactions are in the normal course of operations and are recorded at the exchange value.

11. Comparative figures

Comparative figures have been reclassified to conform with the presentation of the 2022 financial statements.

Niagara Central Dorothy Rungeling Airport Commission

Schedule 1 – Schedule of Fuel Operations

Year ended December 31

2022

2021

Sales	\$ <u>70,340</u>	\$ <u>103,377</u>
Cost of sales		
Inventory, beginning of year	23,912	15,659
Purchases	<u>56,940</u>	<u>99,530</u>
	80,852	115,189
 Inventory, end of year	 <u>15,805</u>	 <u>23,912</u>
	<u>65,047</u>	<u>91,277</u>
 Net earnings	 \$ <u>5,293</u>	 \$ <u>12,100</u>

Niagara Central Dorothy Rungeling Airport Commission

Schedule 2 – Schedule of Tangible Assets

Year ended December 31, 2022

	Land	Railways taxiways and aprons	Buildings	Machinery and equipment	Infrastructure	Office equipment	Website	2022	2021
Cost									
Beginning of year	\$ 1,048,950	\$ 2,032,944	\$ 553,873	\$ 147,559	\$ 133,251	\$ 6,932	\$ -	\$ 3,923,509	\$ 3,898,220
Add: additions during the year	-	-	5,200	178,556	110,142	1,219	6,675	301,792	25,289
Less: credit received for runway	-	-	-	-	-	-	-	-	-
End of year	<u>1,048,950</u>	<u>2,032,944</u>	<u>559,073</u>	<u>326,115</u>	<u>243,393</u>	<u>8,151</u>	<u>6,675</u>	<u>4,225,301</u>	<u>3,923,509</u>
Accumulated amortization									
Beginning of year	-	1,867,108	439,870	70,696	121,732	2,906	-	2,502,312	2,422,043
Add: amortization for the year	-	55,820	11,928	20,493	7,321	1,017	1,668	98,246	80,269
End of year	-	<u>1,922,928</u>	<u>451,798</u>	<u>91,189</u>	<u>129,053</u>	<u>3,923</u>	<u>1,668</u>	<u>2,600,558</u>	<u>2,502,312</u>
Net Book Value of Tangible Capital Assets	<u>\$ 1,048,950</u>	<u>\$ 110,016</u>	<u>\$ 107,275</u>	<u>\$ 234,926</u>	<u>\$ 114,340</u>	<u>\$ 4,228</u>	<u>\$ 5,007</u>	<u>\$ 1,624,743</u>	<u>\$ 1,421,197</u>