

LAKE SIMCOE REGIONAL AIRPORT

FINANCIAL STATEMENTS

DECEMBER 31, 2024

LAKE SIMCOE REGIONAL AIRPORT

FINANCIAL STATEMENTS

DECEMBER 31, 2024

TABLE OF CONTENTS

	Page Number
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 10
Schedule of Tangible Capital Assets	11

INDEPENDENT AUDITOR'S REPORT**To the Directors of Lake Simcoe Regional Airport Inc.
and Members of Council of the Corporation of the
County of Simcoe***Opinion*

We have audited the financial statements of the Lake Simcoe Regional Airport (the Airport), which comprise the statement of financial position as at December 31, 2024, the statements of operations and accumulated surplus, change in net financial assets and cash flows 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 Airport as at December 31, 2024, and the results of its 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 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 Airport 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 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 misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Airport'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 Airport or to cease operations, or has no realistic alternative but to do so.

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
August 5, 2025

LAKE SIMCOE REGIONAL AIRPORT

STATEMENT OF FINANCIAL POSITION

At December 31, 2024

	2024	2023
	\$	\$
FINANCIAL ASSETS		
Cash	344,343	150,451
Accounts receivable	282,575	1,594,395
Inventory	18,562	45,868
Due from the County of Simcoe (note 3)	3,977,206	668,110
Due from the City of Barrie	-	91,373
TOTAL FINANCIAL ASSETS	4,622,686	2,550,197
LIABILITIES		
Accounts payable and accrued liabilities	457,738	260,980
NET FINANCIAL ASSETS	4,164,948	2,289,217
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	21,833,083	22,237,542
Other assets	26,600	26,600
TOTAL NON-FINANCIAL ASSETS	21,859,683	22,264,142
ACCUMULATED SURPLUS (note 5)	26,024,631	24,553,359

The accompanying notes are an integral part of these financial statements

LAKE SIMCOE REGIONAL AIRPORT

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2024

	Budget 2024 \$ (note 6)	Actual 2024 \$	Actual 2023 \$
REVENUES			
Fuel sales	370,000	434,045	420,055
Contribution from the County of Simcoe (note 3)	3,945,678	3,945,678	2,753,100
Contribution from the City of Barrie	438,409	-	223,404
Rentals	162,361	249,589	225,552
User fees	114,119	219,508	179,503
Recoveries	95,207	69,240	187,015
Third-party fees	256,500	256,500	228,000
TOTAL REVENUES	5,382,274	5,174,560	4,216,629
EXPENSES			
Salaries and wages	1,000,642	988,802	847,418
Benefits	299,304	286,870	240,494
Amortization	1,175,140	1,141,254	1,115,153
Cost of sales- fuel	321,132	349,976	357,830
Facilities	474,360	529,609	442,677
Administration	305,120	284,842	264,878
Cost of service delivery	106,690	121,935	84,967
TOTAL EXPENSES	3,682,388	3,703,288	3,353,417
ANNUAL SURPLUS	<u>1,699,886</u>	1,471,272	863,212
ACCUMULATED SURPLUS - beginning of year		24,553,359	23,690,147
ACCUMULATED SURPLUS - end of year		26,024,631	24,553,359

The accompanying notes are an integral part of these financial statements

LAKE SIMCOE REGIONAL AIRPORT

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2024

	Budget 2024 \$ (note 6)	Actual 2024 \$	Actual 2023 \$
ANNUAL SURPLUS	1,699,886	1,471,272	863,212
Amortization of tangible capital assets	1,175,140	1,141,254	1,115,153
Purchase of tangible capital assets	(3,082,334)	(736,795)	(753,104)
Change in other assets	-	-	(6,600)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(207,308)	1,875,731	1,218,661
NET FINANCIAL ASSETS - beginning of year	2,289,217	2,289,217	1,070,556
NET FINANCIAL ASSETS - end of year	2,081,909	4,164,948	2,289,217

The accompanying notes are an integral part of these financial statements

LAKE SIMCOE REGIONAL AIRPORT

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024

	2024	2023
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	1,471,272	863,212
Items not involving cash		
Amortization of tangible capital assets	1,141,254	1,115,153
Change in non-cash assets and liabilities		
Accounts receivable	1,311,820	(191,760)
Inventory	27,306	(11,362)
Due to/from County of Simcoe	(3,309,096)	(1,515,370)
Other assets	-	(6,600)
Accounts payable and accrued liabilities	196,758	(4,396)
Due from City of Barrie	91,373	250,530
Net change in cash from operating activities	930,687	499,407
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(736,795)	(753,104)
NET CHANGE IN CASH	193,892	(253,697)
CASH - beginning of year	150,451	404,148
CASH - end of year	344,343	150,451

The accompanying notes are an integral part of these financial statements

LAKE SIMCOE REGIONAL AIRPORT

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Basis of presentation

The financial statements reflect the assets, liabilities, revenue and expenses of the Airport. On January 1, 2024, the County of Simcoe purchased the City of Barrie's shares of the Airport and become the sole shareholder. Prior to that date, the County owned 90% and the City of Barrie owned 10%. The Airport's Board of Directors consist of members appointed by The County of Simcoe to maintain and operate the Airport.

(b) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Government funding

Government funding, including contributions from the County of Simcoe, is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

Fuel sales are recognized upon delivery to customers

Rental income is recognized when monthly payments become due.

Recoveries includes grass cutting and snow removal, which are recognized in the period that the services are rendered.

User charges and third-party fees are recognized as revenue in the period the goods and services are provided to the end user.

(c) Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets by the Airport because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Airport unless they are sold.

(d) Inventory

Inventory consists of aviation fuel and is recorded at the lower of cost, as determined by the first-in, first out method, and net realizable value (market price).

LAKE SIMCOE REGIONAL AIRPORT

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) 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, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	15 - 40 years
Buildings	15 - 40 years
Machinery and equipment	5 - 40 years
Vehicles	10 - 20 years
Computers	5 years
Infrastructure	20 - 50 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(f) Inter-Entity Transactions

The Airport is a Board of the County of Simcoe and is consolidated with the County's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the County.

(g) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Airport's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Airport's significant estimates are:

- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(e)

LAKE SIMCOE REGIONAL AIRPORT

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Accounts receivable	Amortized Cost
Due from the County of Simcoe	Amortized Cost
Due from the City of Barrie	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost

Fair value category: The Airport manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

LAKE SIMCOE REGIONAL AIRPORT

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

2. TANGIBLE CAPITAL ASSETS

The net book value of the Airport's tangible capital assets are:

	2024	2023
	\$	\$
General		
Land	5,394,153	5,394,153
Land improvements	780,942	999,925
Buildings	2,330,575	2,424,588
Machinery & equipment	2,694,018	2,881,986
Vehicles	1,115,919	897,238
Computer equipment	39,978	75,038
Infrastructure		
Infrastructure	8,839,697	9,278,058
	21,195,282	21,950,986
Assets under construction	637,801	286,556
	21,833,083	22,237,542

For additional information, see the Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2023 - \$Nil), no interest capitalized (2023 - \$Nil) and no contributed assets (2023 - \$Nil).

3. INTER-ENTITY TRANSACTIONS

As part of the budgeting process, the County approves a contribution to the Airport which is identified on the Statement of Operations and Accumulated Surplus.

In addition, the County provides accounting and administrative services to the Airport at no cost.

All balances with the County of Simcoe have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

4. CONTRACTUAL RIGHTS

During 2022, Lake Simcoe Regional Airport entered into a contract with a third party who will operate a Fixed Base Operation, providing refueling and other services. This agreement is effective from March 1, 2022 to February 28, 2042 inclusive of an eighteen month transition period. Compensation to the Airport is calculated based on volume of fuel sold annually, with a minimum quantity commitment. The Airport is providing use of infrastructure at no additional cost to the Fixed Base Operator to provide these services.

Separately, the Fixed Base Operator is paying market rate for leased space at the Airport.

LAKE SIMCOE REGIONAL AIRPORT

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

5. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2024	2023
	\$	\$
Surplus/(Deficit)		
100 common shares issued, authorized for an unlimited number of common shares	100	100
Unallocated accumulated surplus/(deficit)	145,976	327,822
	146,076	327,922
Invested In Capital Assets		
Net book value of capital assets	21,833,083	22,237,542
Surplus	21,979,159	22,565,464
Reserves		
Lake Simcoe Regional Airport reserve	4,045,472	1,987,895
	26,024,631	24,553,359

6. BUDGET FIGURES

The budget, approved by the Airport, for 2024 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

The following is a reconciliation of the Board's approved budget to the annual surplus:

	2024
	\$
Council approved budgeted surplus	-
Tangible capital asset additions	3,082,334
Amortization of tangible capital assets	(1,175,140)
Transfers to/(from) reserves	(207,308)
Annual surplus reported on the Statement of Operations	1,699,886

LAKE SIMCOE REGIONAL AIRPORT

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

7. PENSION AGREEMENTS

Certain employees of the Airport are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2024 Annual Report disclosed total actuarial liabilities of \$142,489 million in respect of benefits accrued for service with actuarial assets of \$139,576 million indicating an actuarial deficit of \$2,913 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Airport does not recognize any share of the OMERS pension surplus or deficit.

The Airport's total contributions to OMERS in 2024 were \$183,990 (2023 - \$155,736) of which \$91,995 (2023 - \$77,868) was contributed by employees.

8. CHANGES IN ACCOUNTING POLICIES

The Airport has implemented the following sections and guidelines which are now effective under the PSA Handbook: 3160 Public Private Partnerships, 3400 Revenue, and PSG-8 Purchased Intangibles. The adoption of this standard did not have an impact on the Airport's financial statements.

Section 3160 establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The adoption of this standard did not have an impact on the Airport's financial statements.

Section 3400 establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as 'exchange transactions', and transactions that do not have performance obligations, referred to as 'non-exchange transactions'. The adoption of this standard did not have an impact on the Airport's financial statements.

Under PSG-8, an entity may recognize purchased intangibles as an asset in its consolidated financial statements if the intangible meets the asset definition and the general recognition criteria. The adoption of this standard did not have an impact on the Airport's financial statements.

9. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Airport assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. The Airport has no significant currency, liquidity, interest rate or market risk.

The Airport is exposed to the following risks in respect of certain of the financial instruments held:

(a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

LAKE SIMCOE REGIONAL AIRPORT

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2024

	General						Infrastructure	Assets Under Construction	Totals
	Land	Land Improvements	Buildings	Machinery & Equipment	Vehicles	Computer equipment	Infrastructure		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST									
Balance, beginning of year	5,394,153	6,868,479	4,390,919	4,179,893	1,406,483	282,212	14,373,281	286,556	37,181,976
Add: additions during the year	-	-	66,453	-	281,697	-	31,490	357,155	736,795
Transfers	-	-	-	(14,228)	17,357	-	2,781	(5,910)	-
Balance, end of year	5,394,153	6,868,479	4,457,372	4,165,665	1,705,537	282,212	14,407,552	637,801	37,918,771
ACCUMULATED AMORTIZATION									
Balance, beginning of year	-	5,868,554	1,966,331	1,297,907	509,245	207,174	5,095,223	-	14,944,434
Add: additions during the year	-	218,983	160,466	173,740	80,373	35,060	472,632	-	1,141,254
Balance, end of year	-	6,087,537	2,126,797	1,471,647	589,618	242,234	5,567,855	-	16,085,688
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS									
	5,394,153	780,942	2,330,575	2,694,018	1,115,919	39,978	8,839,697	637,801	21,833,083