



2020

Financial Statements

Kelowna International Airport

Kelowna, British Columbia, Canada
For the year ended December 31, 2020



KELOWNA INTERNATIONAL AIRPORT

CONTENTS

	PAGE
Independent Auditor's Report.....	1
Statement of Financial Position.....	3
Statement of Operations and Accumulated Surplus.....	4
Statement of Changes in Net Financial Assets.....	5
Statement of Cash Flows.....	6
Notes to the Financial Statements.....	7

Independent Auditor's Report

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To the members of the [Council of the City of Kelowna](#)

Opinion

We have audited the financial statements of the Kelowna International Airport ("the Airport"), which comprise the statement of financial position as at December 31, 2020, and 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 and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Airport as at December 31, 2020, and its results of operations, its changes in its net assets, 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 Airport'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 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.

Kelowna, Canada
April 9, 2021

Grant Thornton LLP

Chartered Professional Accountants


KELOWNA INTERNATIONAL AIRPORT

Statement of Financial Position

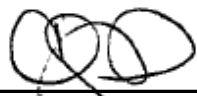
As at December 31, 2020

	Actual 2020	Actual 2019
Financial Assets		
Cash and cash equivalents	\$ 3,676,000	\$ 1,080,000
Accounts receivable	2,052,000	4,449,000
Portfolio investments	29,087,000	31,468,000
	<u>34,815,000</u>	<u>36,997,000</u>
Liabilities		
Accounts payable	2,904,000	3,916,000
Performance deposits	211,000	310,000
Deferred revenue	214,000	482,000
Mortgage payable (Note 3)	900,000	1,800,000
Long term payable (Note 4)	1,093,000	-
Debenture debt (Note 5)	14,062,000	16,153,000
	<u>19,384,000</u>	<u>22,661,000</u>
Net Financial Assets	<u>15,431,000</u>	<u>14,336,000</u>
Non-Financial Assets		
Prepaid expenses	107,000	179,000
Inventory	210,000	277,000
Work in progress (Note 6)	6,557,000	7,047,000
Tangible capital assets (Note 7)	144,432,000	146,321,000
	<u>151,306,000</u>	<u>153,824,000</u>
Accumulated Surplus (Note 8)	<u>\$ 166,737,000</u>	<u>\$ 168,160,000</u>

Contingent liabilities and Commitments (Notes 9 and 10)



Sam Samaddar
Airport Director



Genelle Davidson, CPA, CMA
Divisional Director, Financial Services

See accompanying notes to the financial statements.

KELOWNA INTERNATIONAL AIRPORT
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2020

	Budget 2020	Actual 2020	Actual 2019
Revenue			
Sale of services (Note 12)	\$ 22,244,000	\$ 11,536,000	\$ 22,217,000
Interest earned	158,000	301,000	660,000
Government transfers (Note 13)	216,000	1,149,000	297,000
Actuarial increase	-	194,000	128,000
Gain on disposal of tangible capital assets	-	-	7,000
	<u>22,618,000</u>	<u>13,180,000</u>	<u>23,309,000</u>
Airport Improvement Fee (Note 11)	23,810,000	7,351,000	16,609,000
	<u>46,428,000</u>	<u>20,531,000</u>	<u>39,918,000</u>
Expenses (Note 14)			
Administration	5,076,000	3,592,000	4,433,000
Interest	584,000	584,000	584,000
Terminal operations	5,380,000	5,445,000	6,267,000
Airport improvement fee	31,000	5,144,000	5,445,000
Airport policing	197,000	173,000	193,000
Groundside operations	3,036,000	3,305,000	3,437,000
Airside operations	4,295,000	3,711,000	4,188,000
Write-down of tangible capital assets	-	-	196,000
	<u>18,599,000</u>	<u>21,954,000</u>	<u>24,743,000</u>
Annual Surplus (Deficit)	<u>\$ 27,829,000</u>	<u>(1,423,000)</u>	15,175,000
Accumulated Surplus, beginning of year		<u>168,160,000</u>	<u>152,985,000</u>
Accumulated Surplus, end of year		<u>\$ 166,737,000</u>	<u>\$ 168,160,000</u>

See accompanying notes to the financial statements.

KELOWNA INTERNATIONAL AIRPORT
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2020

	Budget 2020	Actual 2020	Actual 2019
Annual Surplus (Deficit)	\$ 27,829,000	\$ (1,423,000)	\$ 15,175,000
Amortization of tangible capital assets	-	7,748,000	7,850,000
Acquisition of tangible capital assets	(87,793,000)	(5,369,000)	(14,773,000)
Disposal of tangible capital assets	-	-	12,000
Write-down of tangible capital assets	-	-	196,000
Change in inventory and prepaid expenses	-	138,000	6,000
(Decrease) increase in Net Financial Assets	(59,964,000)	1,094,000	8,466,000
Net Financial Assets, beginning of year	14,337,000	14,337,000	5,871,000
Net Financial Assets, end of year	<u>\$ (45,627,000)</u>	<u>\$ 15,431,000</u>	<u>\$ 14,337,000</u>

See accompanying notes to the financial statements.

KELOWNA INTERNATIONAL AIRPORT

Statement of Cash Flows

For the Year Ended December 31, 2020

	Actual 2020	Actual 2019
Net inflow (outflow) of cash and cash equivalents related to the following activities:		
Operating		
Annual (deficit) surplus	\$ (1,423,000)	\$ 15,175,000
Adjustment for non-cash items		
Amortization of tangible capital assets	7,748,000	7,850,000
Actuarial adjustment on debenture debt	(194,000)	(128,000)
Write-down of tangible capital assets	-	196,000
Decrease (increase) in assets		
Accounts receivable	2,397,000	(483,000)
Inventory and prepaid expenses	138,000	6,000
(Decrease) increase in liabilities		
Accounts payable	(1,012,000)	793,000
Performance deposits	(99,000)	5,000
Deferred revenue	(267,000)	323,000
	<u>7,288,000</u>	<u>23,737,000</u>
Capital		
Acquisition of tangible capital assets	(5,369,000)	(14,773,000)
Proceeds from disposal of tangible capital assets	-	12,000
	<u>(5,369,000)</u>	<u>(14,761,000)</u>
Investing		
Change in investments	<u>2,381,000</u>	<u>(6,364,000)</u>
Financing		
Increase in long term payable	1,093,000	-
Repayment of mortgage payable	(900,000)	(900,000)
Repayment of debenture debt	(1,897,000)	(1,897,000)
	<u>(1,704,000)</u>	<u>(2,797,000)</u>
Net increase (decrease) in cash and cash equivalents	2,596,000	(185,000)
Cash and cash equivalents, beginning of year	<u>1,080,000</u>	<u>1,265,000</u>
Cash and cash equivalents, end of year	\$ 3,676,000	\$ 1,080,000

See accompanying notes to the financial statements

KELOWNA INTERNATIONAL AIRPORT

Notes to the Financial Statements

December 31, 2020

1. Organization and nature of operations

The Kelowna International Airport (“the Airport”) is controlled by the City of Kelowna (“the City”). The City operates the Airport pursuant to the provisions of a long-term lease with the Government of Canada entered into on January 1, 1969 (“the Ground Lease”). The current term of the Ground Lease expires on December 31, 2054.

On March 11, 2020 the World Health Organization officially declared the COVID-19 outbreak a pandemic. The pandemic has forced governments to implement extraordinary measures to slow the progress of infections and to stabilize disrupted economies and financial markets. The Airport has deployed initiatives in order to protect the health and safety of its employees and customers, support its customers, and mitigate the impact of the crisis while ensuring continuity of its operations. As a result of the aforementioned conditions, the Airport saw a significant decrease in flights, passenger volumes and revenues in 2020, and expects flights, passenger volumes and revenues to continue to be impacted well beyond 2021. As of this time, it is difficult to assess the impact of the pandemic on the Airport’s future results as it is dependent on the length and severity of the pandemic and corresponding economic recovery. Management will continue to monitor and assess the situation and respond accordingly.

These financial statements reflect the assets, liabilities and operations of the Airport. The financial statements have been prepared in accordance with Canadian public sector accounting standards.

2. Significant accounting policies

Accrual accounting

The accrual method for reporting revenues and expenditures has been used.

Cash and cash equivalents

Cash and cash equivalents represent funds held in the City of Kelowna pooled funds. Cash and cash equivalents consist of cash and short-term investments with maturities of 90 days or less from the date of acquisition.

Government transfers

Government transfers are the major source of transfers to the Airport. Restricted government transfers are deferred and recognized as revenue in the year in which the related expenditures are incurred. Unrestricted transfers are recognized as revenue when received.

Work in progress

Work in progress represents capital projects under construction but not completed and is valued at cost.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less residual value of the asset, is amortized on a straight-line basis over its estimated useful life as follows:

Land improvements	25 years
Buildings	10 to 75 years
Infrastructure	10 to 75 years
Machinery and equipment	5 to 20 years

KELOWNA INTERNATIONAL AIRPORT

Notes to the Financial Statements

December 31, 2020

2. Significant accounting policies (continued)

Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair market value at the date of contribution.

Intangible assets

Intangible assets include works of art and historic assets. They are not recorded in these financial statements due to the uncertainty as to their value.

Inventories of supplies

Inventories of supplies include chemicals, fuel and supplies and are recorded at the lower of historical cost or replacement cost, with cost being determined using the weighted average cost method.

Municipal pension plan

The Airport's pension follows the guidelines of the Municipal Pension Plan which is administered by the Province of British Columbia for all British Columbia municipalities. The Airport and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula.

Portfolio investments

Portfolio investments are recorded at cost and are comprised of Municipal Finance Authority bonds and intermediate funds, provincial and bank issued accrual notes and debentures, and guaranteed investment certificates and deposit notes with maturities of 90 days or more from the date of acquisition.

Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Airport
 - is directly responsible; or
 - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

There are no liabilities to be recorded as at December 31, 2020

KELOWNA INTERNATIONAL AIRPORT

Notes to the Financial Statements

December 31, 2020

2. Significant accounting policies (continued)

Use of estimates

Management has made estimates and assumptions that affect the amounts reported in preparing these financial statements. The significant area requiring the use of management estimates relates to the determination of allowance for doubtful accounts, tangible capital assets' estimated useful lives, the related amortization, and liability for contaminated sites. Actual results could vary from those estimates.

Revenue recognition

Revenue is recognized in the period in which it is earned.

Investment income is recorded on an accrual basis and recognized when earned.

Ground Lease

The Ground Lease is accounted for as an operating lease.

Reserves for future expenditure

Reserves for future expenditure are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenditure include funds to finance incomplete projects and accumulations for specific purposes.

3. Mortgage payable

The Airport has a mortgage of \$900,000 (2019 - \$1,800,000) which is to be repaid in full by January 2021. The annual amount of principal repayment is \$900,000 per year. The mortgage does not bear interest and is secured in specific land.

4. Long-term payable

The Airport has arranged for payment terms beyond a year for certain payables amounting to \$1,093,000, due to the significant impact of COVID-19. These payables will be paid in full by December 31, 2023 and are non-interest bearing.

KELOWNA INTERNATIONAL AIRPORT

Notes to the Financial Statements

December 31, 2020

5. Debenture debt

Debenture debt principal is reported net of sinking fund balances.

Local Area Bylaw	Issue No.	Interest Rate	Amount of Issue	Sinking Fund Balance	Net Debt	Due Date
9867	133	2.75	\$ 7,500,000	\$ 3,428,000	\$ 4,072,000	2025-10-02
9867	137	2.60	3,500,000	1,258,000	2,242,000	2026-04-19
9867	139	2.10	3,000,000	1,095,000	1,905,000	2026-10-05
9867	141	2.80	8,000,000	2,157,000	5,843,000	2027-04-07
			<u>\$ 22,000,000</u>	<u>\$ 7,938,000</u>	<u>\$ 14,062,000</u>	

Principal repayments required for the next five years are as follows:

2021	2022	2023	2024	2025
<u>\$ 1,897,000</u>	<u>\$ 1,897,000</u>	<u>\$ 1,897,000</u>	<u>\$ 1,897,000</u>	<u>\$ 1,897,000</u>

The City, on behalf of the Airport, has issued the debt instruments above through the Municipal Finance Authority (MFA). As a condition of these borrowings, a portion of the debenture proceeds is withheld by the Municipal Finance Authority as a debt reserve fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature. The Debt Reserve and Demand Note balances are as follows:

	2020	2019
Cash deposits held by MFA	\$ 243,000	\$ 238,000
Demand notes held by MFA	1,021,000	1,021,000
	<u>\$ 1,264,000</u>	<u>\$ 1,259,000</u>

6. Work in progress

Work in progress is recorded at cost, is not amortized, and is comprised of:

	Buildings	Infrastructure	Machinery & Equipment	Total 2020	Total 2019
Cost					
Balance, beginning of year	\$ 3,560,000	\$ 3,371,000	\$ 116,000	\$ 7,047,000	\$ 2,929,000
Add: additions during the year	2,872,000	269,000	128,000	3,269,000	10,449,000
Less: transfers to tangible capital assets	(578,000)	(3,181,000)	-	(3,759,000)	(6,331,000)
Balance, end of year	<u>\$ 5,854,000</u>	<u>\$ 459,000</u>	<u>\$ 244,000</u>	<u>\$ 6,557,000</u>	<u>\$ 7,047,000</u>

KELOWNA INTERNATIONAL AIRPORT

Notes to the Financial Statements

December 31, 2020

7. Tangible capital assets

	Land	Land Improvement	Buildings	Infrastructure	Machinery & Equipment	Total 2020	Total 2019
Cost							
Balance, beginning of year	\$ 15,820,000	\$ 13,276,000	\$ 64,620,000	\$ 81,641,000	\$ 55,944,000	\$231,301,000	\$220,887,000
Add: additions during the year	737,000	-	85,000	700,000	578,000	2,100,000	4,324,000
Add: transfers from work in progress	-	-	578,000	3,181,000	-	3,759,000	6,331,000
Less: disposals during the year	-	-	-	-	-	-	(241,000)
Balance, end of year	<u>16,557,000</u>	<u>13,276,000</u>	<u>65,283,000</u>	<u>85,522,000</u>	<u>56,522,000</u>	<u>237,160,000</u>	<u>231,301,000</u>
Accumulated Amortization							
Balance, beginning of year	-	8,044,000	27,533,000	33,458,000	15,945,000	84,980,000	77,163,000
Add: amortization	-	466,000	1,879,000	2,746,000	2,657,000	7,748,000	7,850,000
Less: accumulated amortization on disposals	-	-	-	-	-	-	(33,000)
Balance, end of year	<u>-</u>	<u>8,510,000</u>	<u>29,412,000</u>	<u>36,204,000</u>	<u>18,602,000</u>	<u>92,728,000</u>	<u>84,980,000</u>
Net book value of tangible capital assets	<u>\$ 16,557,000</u>	<u>\$ 4,766,000</u>	<u>\$ 35,871,000</u>	<u>\$ 49,318,000</u>	<u>\$ 37,920,000</u>	<u>\$144,432,000</u>	<u>\$146,321,000</u>

8. Accumulated surplus

	Reserves for future expenditure	General surplus	Investment in tangible capital assets	2020 Total	2019 Total
Accumulated surplus, beginning of year	\$ 30,337,000	\$ 2,407,000	\$ 135,416,000	\$ 168,160,000	\$ 152,985,000
Annual surplus (deficit)	236,000	5,896,000	(7,555,000)	(1,423,000)	15,175,000
Transfers	3,093,000	(3,093,000)	-	-	-
Acquisition of tangible capital assets	(5,297,000)	-	5,297,000	-	-
Retirement of debt	-	(2,803,000)	2,803,000	-	-
Accumulated surplus, end of year	<u>\$ 28,369,000</u>	<u>\$ 2,407,000</u>	<u>\$ 135,961,000</u>	<u>\$ 166,737,000</u>	<u>\$ 168,160,000</u>

KELOWNA INTERNATIONAL AIRPORT

Notes to the Financial Statements

December 31, 2020

9. Contingent liabilities

Pension liability

The employer and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2019, the plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The Airport paid \$328,000 (2019 - \$394,000) for employer contributions to the plan in fiscal 2020, which represents 4.00 per cent of the total plan contributions, while employees contributed \$261,000 (2019 - \$312,000) to the plan in fiscal 2020.

The next valuation will be as at December 31, 2021, with results available in 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

Legal actions

The City is currently engaged in certain legal actions. The outcome and the possible effect on the Airport of these legal actions are not determinable at this time. Accordingly, no provision has been made in the accounts for these actions.

The amount of loss, if any, arising from these contingent liabilities will be recorded in the accounts in the period in which the loss is realized.

10. Commitments

At December 31, 2020, the Airport had entered into construction commitments relating to the Airport capital program amounting to \$5,125,000 (2019 - \$8,734,000).

KELOWNA INTERNATIONAL AIRPORT

Notes to the Financial Statements

December 31, 2020

11. Airport improvement fees

The Kelowna International Airport entered into a Memorandum of Agreement ("the Agreement") dated September 23, 1997 with the Air Transport Association of Canada and all major carriers operating from the Airport. The Agreement provides for a consultative process with air carriers regarding the improvement to and expansion of airport facilities and the collection of airport improvement fees. AIF revenues can only be used to fund approved Airport infrastructure projects and associated financing costs. During the year ended December 31, 2020, the City recognized \$7,351,000 (2019 - \$16,609,000), in airport improvement fee revenue.

AIF fees were charged at \$15 per departing passenger for travel booked on or before March 31, 2019, for travel scheduled on or before April 7, 2019. AIF fees were charged at \$20 per departing passenger for travel booked on or after April 1, 2019, for travel scheduled on or after April 8, 2019. AIF fees were charged at \$25 per departing passenger for travel booked on or after February 19, 2020, for travel scheduled on or after March 1, 2020.

Airport improvement fee summary since implementation to December 31, 2020:

	<u>2020</u>	<u>2019</u>
Cumulative AIF revenue	\$ 159,755,000	\$ 152,404,000
Cumulative AIF expenditures	164,411,000	158,050,000
Deficiency of revenue over expenditures	<u>\$ (4,656,000)</u>	<u>\$ (5,646,000)</u>

12. Sale of service by object

	<u>2020</u>	<u>2019</u>
Parking revenue	\$ 2,990,000	\$ 7,827,000
Airport landing fees	2,074,000	4,317,000
Airport terminal fees	1,502,000	3,558,000
Car rental concessions	2,603,000	3,428,000
Terminal concessions	297,000	863,000
Lease revenue	1,403,000	1,359,000
Other	667,000	865,000
	<u>\$ 11,536,000</u>	<u>\$ 22,217,000</u>

KELOWNA INTERNATIONAL AIRPORT

Notes to the Financial Statements

December 31, 2020

13. Government transfers

Due to the completion or progress of the projects in 2020 there are no deferred revenue balances related to these grants. The Airport received and recorded as revenue the following grants:

	<u>Type of grant</u>	<u>Project</u>	<u>2020</u>	<u>2019</u>
Canadian Air Transport Security Authority	Restricted	Terminal Buildings - baggage handling operations	\$ 122,000	\$ 109,000
Province of British Columbia	Restricted	Freshet & Culvert	232,000	138,000
Federal Government	Restricted	Western Diversification	295,000	50,000
Province of British Columbia	Restricted	Provincial COVID-19 Relief	500,000	-
			<u>\$ 1,149,000</u>	<u>\$ 297,000</u>

14. Expenses by object

Expenses reported by object comprise:

	<u>2020</u>	<u>2019</u>
Materials and supplies	\$ 1,898,000	\$ 2,437,000
Amortization	7,748,000	7,850,000
Salaries and benefits	4,374,000	4,780,000
Contract and professional services	5,114,000	6,794,000
Policing and other Municipal services	1,699,000	1,529,000
Interest expense	584,000	584,000
Utilities	537,000	573,000
Write-down of tangible capital assets	-	196,000
	<u>\$ 21,954,000</u>	<u>\$ 24,743,000</u>

KELOWNA INTERNATIONAL AIRPORT

Notes to the Financial Statements

December 31, 2020

15. Budget data

The budget figures are from the Annual Five-Year Financial Plan Bylaw adopted before May 15th of each year. Subsequent amendments have been made by Council to reflect changes in the budget as required by law. Amortization of tangible capital assets was not included in the budget. The table below shows the reconciliation between the approved budget and the budget presented in these financial statements.

	<u>Budget Amount</u>
Revenue	
Operating budget	\$ 46,428,000
Expenses	
Operating budget	18,599,000
Capital budget	87,793,000
	<u>106,392,000</u>
Annual deficit per approved budget	(59,964,000)
Add: capital expenses	87,793,000
Annual surplus per statement of operations	<u><u>\$ 27,829,000</u></u>

16. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation format adopted in the current year



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