



Aéroport de
Charlottetown
Airport



CHARLOTTETOWN AIRPORT AUTHORITY
2019 ANNUAL REPORT



YYGrowing

YYGoing Places

YYGiving Back

YYGuiding the Future

YYGetting It Done

YYGearing Up for Tomorrow

YYGreeting New Ideas

YYGaining Momentum

YYGoing Green

YYGarnering Success

YYGathering the Numbers

YYGoverning Forward

A note to our readers:

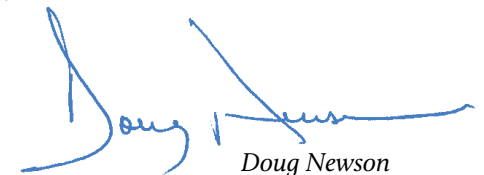
Thank you for taking the time to read our 2019 Annual Report, which is a reflection on the year that was. Creating the annual report is like a walk down memory lane. It is an opportunity to remember the projects and initiatives completed, and also celebrate the achievements accomplished through the hard work and dedication of our team and partners.

During the final completion of this report, our world experienced a global pandemic, bringing our everyday lives to a standstill. Like many industries, the impact of COVID-19 on the aviation world has been significant. At this point, we really do not know what our new normal will be. However, we do know that we will come through this, together.

In considering all that has happened so far, we wrestled with whether to keep our theme for this year's report. We considered producing a more pared down and restrained version. One that was more factual and straightforward. In the end, we made the decision to keep the report as is. To downplay 2019's efforts and achievements just because we are now in a very uncertain time would not do justice to our team or our greater airport family for all that has been accomplished. Although COVID-19 will have enduring impacts on the aviation and travel industry for months to come, we need to remember where we stood before this crisis, how strong we are, and that by working together we can come back stronger than ever.

I close by acknowledging all those across our province who have come together to stay apart during this difficult time. To the airlines repatriating Canadians home and continuing to ship essential goods and supplies, to the many brave and heroic healthcare workers, to the cleaners, truck drivers, farmers, grocery store clerks, and others providing essential services, we say ***THANK YOU!*** You are our everyday heroes. And to our own team, our airport family, thank you for your professionalism, dedication, and support during these challenging times.

We will get through this.



Doug Newson
Chief Executive Officer

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...it's always been our airport code.
Differentiating us from other cities
around the globe and connecting
us to our Canadian heritage.

Three small letters... what do they mean?
It's a long story that you can find
on Wikipedia. But we can give you the
short version here.

WE ARE PEI'S AIRPORT.

We are dedicated to delivering a unique
and memorable airport experience.
We are about fostering a unified and
friendly airport community. We care
for the needs of our travellers, staff
and partners. We love to celebrate PEI
places, products and people. And above
all, we instill trust through operating a
safe and secure airport. We are small.

We are quaint. We have charm.

We are YYG Charlottetown Airport.





MISSION

To provide a safe, secure, and fiscally responsible airport that connects PEI to the world and drives economic growth.

VISION

To provide an exceptional airport experience.

STRATEGIC GOALS

GOAL 1

Be a leader in operating a safe, secure, and environmentally sustainable operation.

GOAL 2

Enhance existing air service and strategically pursue growth.

GOAL 3

Operate in a financially sustainable manner.

GOAL 4

Champion a customer-first culture to drive a unique passenger experience.

GOAL 5

Cultivate professional excellence through organizational engagement, performance and development.

GOAL 6

Advance valued partnerships with our stakeholders and the community.

CHAIR OF THE BOARD'S MESSAGE

As I look back on 2019 and try to summarize the year, I feel as though I need to come up with a G word to match the theme of this report. The word that comes to mind is gratitude. Gratitude for the strong leaders on this board who help to guide our organization into the future. Gratitude to our community who support our airport and inspire us every day to be better. And gratitude for all the hard work and accomplishments achieved by the staff and employees of the airport who make YYG the place it is.

To our board, I'm so appreciative for the vision and guidance you have shown during these past number of years. Specifically, I want to thank Kathryn Coll whose term ended in March 2019. Kathryn contributed greatly to the board and we valued her perspective and acumen.

I would also like to welcome three new leaders to our board who began their terms in 2019. Kathy Hambly, appointed in January by the Government of Canada, is the former Executive Director of the Greater Charlottetown Area Chamber of Commerce. Kathy is an active volunteer in the community. She currently serves on the Board of Governors of the University of Prince Edward Island. Kathy also serves on the Board of Directors of Maritime Electric Company Ltd. and on the Board of Trustees of the Canadian Museum of Immigration at Pier 21.

Nicole Phillips also joined the board in January and was appointed by the Government of Canada. Ms. Phillips is Acting Director, Marketing and Communications at the University of Prince Edward Island and will bring extensive experience in strategic marketing, crisis communications, and issues management to the board. She currently serves on numerous committees including the Town of Stratford Infrastructure Committee, Our Lady of the Assumption Pastoral Council (co-chair), and Citizens on Patrol-Stratford (chair).

Lastly, Stefanie Corbett was appointed in April by the Greater Charlottetown Area Chamber of Commerce. Ms. Corbett is an Associate & Director of Operations with Island Capital Partners and will bring extensive experience in financial analysis, strategic planning, and stakeholder communication. Throughout her career, Ms. Corbett has volunteered with numerous community and sport organizations. She currently serves on the Stars for Life dinner committee and is the treasurer for the North River Flames Atom hockey team.

To our community, you guide and support us in everything we do. We are proud to be your airport and a strong economic engine for our province. In this ever changing, fast-paced industry, thank you for allowing us to connect you to the world and the world to our Island.

Finally, to the Charlottetown Airport Authority staff. The airport continues to thrive year after year and this is a testament to the dedication and vision of the leadership team and the hard work, commitment, and loyalty of the employees. Every day they strive to reach new heights, making YYG a safe and secure airport and helping to deliver on our vision of providing an exceptional airport experience. On behalf of the board, thank you. You should be very proud of the work you do every day and the value you bring our community, our passengers and our province.



Kent Scales
Board Chair



CEO'S MESSAGE

Growing. Going Places. Guiding the Future. Gaining Momentum. These are the words that summarize 2019 for the Charlottetown Airport. They also just so happen to start with the letter G. A letter that has some meaning for us. A letter that some say define us. We're not YYC. We're not YYZ. We're YYG and we're proud of it. We undertook a brand review this year which gave us some better insight on who we are. It told us we're friendly, genuine, and authentic (no surprise there, we're Islanders after all). We're charming, homey and PEI's airport (okay sure, we agree with that). And we're humble, but okay celebrating the good deeds. Stop right there. Does that mean we have to brag from time to time? Well if that's who we are... let's get this over with and we'll apologize later, eh?

Starting with our passenger movements. We had our best year for passenger traffic with 383,183 travellers making their way through the airport. Overall passenger counts grew by 3.4% over 2018's numbers. This number was bolstered by the additional capacity added to our market by Air Canada and WestJet during the peak summer months. Both airlines added double digit capacity for July and August which included an additional daily flight to Ottawa by Air Canada from June to October. The welcomed additions helped us to achieve another record year at the airport.

After coming off of three straight years of runway construction, we went back into planning mode. We launched into our Master Plan process in mid-April with the help of Airbiz Aviation Strategies Ltd. and Avia NG. We undertook a lengthy public consultation process which included meetings and interviews with key airport stakeholders, operators, government agencies, and neighborhood community groups. It also saw us seek the public's opinion on key issues through an online survey. It was our goal to gather as much feedback from our stakeholders, travellers and the community as possible to produce a plan that would guide our development in a sustainable, flexible and customer-centric manner. So, thank you to all who participated, your contribution will have an impact on the airport for the next 20 years.

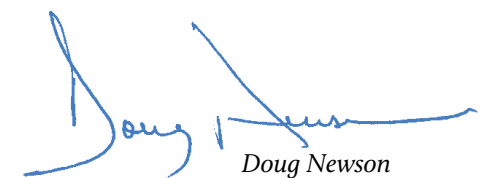
Over the past year, we also grew as a team. Meghan Senechal officially joined our team as a permanent employee after being with us on a 10-month contract. Meghan's role as Manager, Regulatory Affairs is a welcomed addition to our management team and her work has been the driving force behind our environmental achievements with the Airport Carbon Accreditation program.

We welcomed Matt Adams half way through the year as our new full-time Director, Finance and Administration. Matt hit the ground running and quickly fit in to the team. We can't wait to see the the impact of his contributions in 2020.

Being recognized in our community is never something we expect (maybe that's our humble nature coming out), but this year we have been flattered to say the least. We were recognized in October at the TIAPEI Tourism Excellence Awards, receiving the prestigious President's Award. In November, we were nominated for the Airport Excellence Award at the Canadian Tourism Awards, and later that month we were informed we would be receiving the Lieutenant Governor's Award for Engineering Achievement by Engineers PEI. These awards, while not expected, give credit to the amazing work our team does on a daily basis. Thank you to all who nominated and recognized our organization.

Lastly, as mentioned above, we undertook a brand review this year. This annual report, you could say, is our new brand's coming out party. We hope you like it. We'd like to thank Dashboard Marketing for their direction and hard work through this lengthy process. We said from the beginning, we wanted to get it right, not get it done. Well, I think we got it right. YYG Charlottetown Airport is fresh. It's a significant change, a step away from the past. But it's also who we have always been. We hope this new brand identity will unite our airport community and instill a sense of pride with Islanders. We are PEI's airport, we are your airport.

I close by acknowledging our Airport Authority team. The work you do day in and day out does not go unnoticed. Your pride and ownership of the airport is a treasured asset and we thank you for being a part of our team. To our greater airport family, thank you for the work you do providing our passengers with an exceptional, authentic Island travel experience. And to our community for letting us be your start for adventures and your first welcome home.



Doug Newson
CEO

#YYG
#MEMORIES
TAKE FLIGHT!
#EXPLORATION

YYGROWING

AIR SERVICE DEVELOPMENT

the question, which came first, the chicken or the egg? We ponder a similar question in the aviation world... what comes first, more seats from carriers or demand from travellers? Our best guess is that it's probably a little bit of both, and this past year is a great example of this.

Coming off our third consecutive year of passenger growth in 2018, Air Canada and WestJet committed to increasing their overall seat capacity during the peak summer months of July and August. Air Canada chose larger aircraft for their Toronto service by operating a 162-seat Airbus A320 aircraft. In contrast, the year before they operated an Airbus A319, which has 136 seats for this route. Air Canada also added a second non-stop flight to Ottawa that started early June and ran till late October. This added flight complimented their early-evening Ottawa service. With these additions, Air Canada increased their peak summer capacity at YYG by an amazing 18.2%. And that's not all. Air Canada also brought back their Rouge aircraft for the busy Christmas season which helped to not only get travellers home to spend the holidays with their loved ones, but also helped to boost our capacity in December. WestJet also announced they were adding flights. Additional flights to Toronto during July and August were added on Thursdays and Saturdays which equated to their peak season capacity being up 11%.

Growth is vital to any business, and the Charlottetown Airport is no different. Have you ever been asked

This all resulted in another record year for passenger traffic movements. When the year wrapped up, we tallied that 383,183 passengers travelled through the Charlottetown Airport, representing a 3.4% gain over 2018.

As we look ahead, not only will we continue to support our valued and long-standing airline partners (Air Canada, WestJet & Sunwing) and their services, we will also be welcoming new partners to YYG. Flair Airlines, Swoop, and a new route from WestJet will bring more options to Islanders looking for adventures away, and for tourists looking to explore our beautiful Island in 2020.

YYG GOING PLACES

MARKETING & COMMUNICATIONS

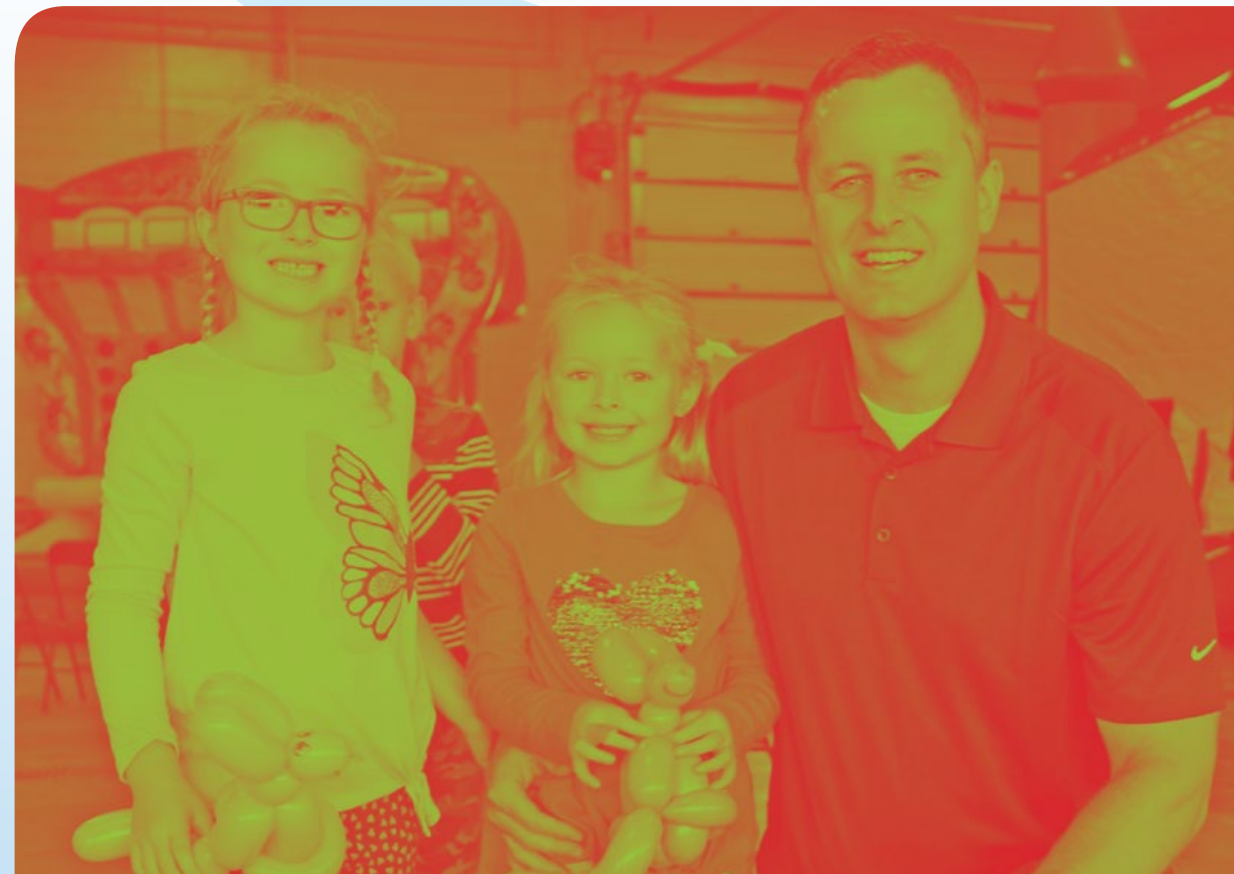
This year we decided we needed to take a look in the mirror and ask ourselves some questions. Did our brand still represent who we are today and who we want to be in the future? How did our community see us? Were they confused by our many identities? To get some answers to these questions, we enlisted the help of Dashboard Marketing to embark on a brand review. This process spanned the majority of the year and saw us consulting with both our internal and external stakeholders as well as developing a public survey to gauge the thoughts and opinions of our community. In the end, we felt strongly that *flypei* had served its purpose and we needed to move towards a more aligned message and visual expression. The result is what you see today, we will now be **YYG Charlottetown Airport**.

Along with the brand review, we also introduced a new passenger experience program. Our **Therapy Dog Program**, in partnership with St. John Ambulance, launched in November to massive fanfare. Bella, a golden retriever, is now part of the YYG family and visits the airport every Wednesday with her handler Pamela. Bella has been putting smiles on faces and easing traveller anxiety since the day she started. We hope to grow our program over time and have even more four-legged friends in the airport on a regular basis.

In addition to the above-mentioned projects, we also continued with our tradition of hosting multiple events throughout the year with our airport family. These events included our annual curling night, summer kick-off BBQ, family day and Christmas party. Not only do we love to support and host our own events, but we love to show our support to our greater community with sponsorships of fantastic events in our province.

Some of our sponsorships in 2019 included:

- *PEI International Shellfish Festival*
- *Fall Flavours*
- *Meetings & Conventions PEI*
- *TIAPEI*
- *ECMA's*
- *Greater Charlottetown & Area Chamber of Commerce Business After Hours*
- *Music PEI Week*
- *Confederation Centre of the Arts – Live @ the Centre*



YVGIVING BACK

COMMUNITY RELATIONS

Giving back to our community every year at the Charlottetown Airport has become so ingrained in our organization that it often

takes sitting down to write something like an annual report to realize just how much we do and how proud we should be of our efforts. There really isn't a month that goes by where we aren't showing our support and giving back to the community that gives so much to us.

In 2019, we started the year off planning for the return of our annual Runway Run. Due to the construction on our main runway in 2018 our beloved 5km had to take a year off. Because of this, we knew we wanted to come back with a bang and a brand-new charity that had a connection to the airport. Turns out, we had been developing a relationship with the perfect charity the previous year without even knowing it. The Children's Wish Foundation grants wishes to children between the ages of 3 and 17 who are diagnosed with a life-threatening illness. We have had the pleasure of working with the Children's Wish Foundation - PEI Chapter on sending deserving Island kids, including Cole and Kara, off for their wishes. When the time came to select a charity, Children's Wish made perfect sense. We are happy to report that on May 18, after over 200 runners braved the wind and rain, we were able to donate \$5000 to this worthy cause.

May also saw a new event for the Airport Authority. We welcomed the Elevate Aviation cross country tour to Charlottetown. Elevate Aviation is a non-profit organization that, through tours, speaking engagements, and events, introduces young females to incredible career opportunities in the aviation industry, all in the hope of reducing the massive gender gap in the aviation world. The day in Charlottetown saw 20 high school girls hear from successful females in varying roles in the industry, including two pilots, an engineer and a NAV Canada tech operator. We also couldn't let them leave without a tour of our facilities and some airport swag.



Christmas is always a time for giving back, and boy, does our airport community really come together for the festive season. This year we decided to make our annual food drive public. We placed bins in the terminal building and encouraged passengers to donate along with staff. New this year, we sold tickets to employees for a chance to win a WestJet Gift of Flight voucher. This was a huge hit. At the end of the campaign, staff helped to raise \$2300 along with multiple boxes of food, all donated to the Upper Room Food Bank in time for Christmas.

Charitable organizations and causes we supported in 2019 include:

- **Children's Wish**
- **Make-a-Wish Foundation**
- **Autism Society of PEI**
- **Upper Room Food Bank**
- **CBC's Feed a Family Campaign**
- **Easter Seals**
- **Queen Elizabeth Hospital Foundation**
- **Prince County Hospital Foundation**
- **Big Brothers, Big Sisters**
- **Hope Air**
- **Holland College Tourism & Travel Management Program**
- **Rotary Clubs of Charlottetown**
- **Stars for Life Foundation**
- **Fusion Charlottetown**
- **PEI Marathon/Canadian Mental Health Association**
- **PEI Crime Stoppers**
- **Lady Ball / Ovarian Cancer Society**
- **Art in the Open**

YYG GUIDING THE FUTURE

PLANS

A goal without a plan is just a dream, right? Well, we have big goals here at the Charlottetown Airport so this year was all about planning. With the help of Airbiz Aviation Strategies Ltd. and Avia NG, we launched down the path to complete our **Master Plan 2040** in mid-April. Elements of the project included extensive external stakeholder consultations, public consultations, and an online survey which resulted in over 2,300 responses. This plan will serve as the roadmap for the long-term development of infrastructure and facilities to meet the aviation needs of the community over the next 20 years and beyond. To learn more about the Master Plan, please visit our website.

We also released the results from the **economic impact study** we commissioned in 2018 from the Chris Lowe Group. The study concluded that the airport and business park continue to be a major economic engine for PEI. The study looked at several measures and reported that the airport contributed over \$103 million to PEI's gross output with 788 full-time equivalent jobs. The study also found the airport added \$62 million to the Island's gross domestic product (GDP) and generated \$41.7 million to wages and salaries.

Lastly, the Airport Authority, with the help of Grant Thornton, completed a **five-year performance review**, a requirement under our Transport Canada Ground Lease. The scope of the review was to look at the overall management, operation and financial performance of the CAA. The conclusion of the report determined CAA had met the requirements of the lease during the review period.



YYG GETTING IT DONE

OPERATIONS

To ensure we're ready to keep our passengers safe and secure, it is our responsibility to prepare for even the worst possible situations. That's why in 2019 we held a number of table top exercises throughout the year including a full-scale emergency table top in January and back to back security and safety table tops in December. These table tops help to test our internal emergency procedures as well as test and evaluate the emergency coordination of our mutual aid partners including RCMP, Charlottetown Police Services, Charlottetown Fire Services, and EMS. Numerous organizations participated in these exercises that in turn provided great training for all agencies involved.

After three years of runway construction, we had a **brand-new airfield to operate**. We broke in our new airfield over the past year and fine-tuned our operations with our newly improved airside assets.

Another significant airside change will come into effect in November of 2020. To prepare for the new **Global Reporting Format**, our team along with 7 other Canadian Airports, was selected to participate in the GRF trials during winter 2019/20. By participating our team provided feedback and discussed progress and issues with the other airports, NAV CANADA and Transport Canada. Full implementation and compliance of the new regulations will come into effect in November of 2020.

In the Fall, we performed our **Safety Management System**, Operational, and TP312 5th Edition audits. One of our key SMS objectives is continuous improvement; conducting our audits allows us a 3rd party review of all our policies, processes and procedures with an independent eye.

New in 2019, we introduced quarterly **"Airport Talks"** open to all airport employees. The purpose of the talks was to bring the entire airport community together and learn about different areas of the aviation world. We ran four talks throughout the year, and topics included: CBSA - What's Their Mandate, The Unruly Passenger, Outlaw Motorcycle Gangs, and Winter Operations. Talks were well attended and will continue in 2020.

Lastly, we invested in our **fleet and equipment** where we purchased a new sweeper, security vehicle, tractor and mower, as well as new cameras to enhance our security system.



YYG GEARING UP FOR TOMORROW

FACILITIES

Investing in our facilities serves multiple purposes. It keeps our airport up-to-date for our passengers, shows our tenants that we care about the facilities we provide for them, and allows us to make improvements based on the needs of today and tomorrow. This past year we did a number of upgrades to our facilities around the terminal building.

The **larger projects** for 2019 included a collection of roof rehabilitations, expansion of our car rental facility, and paving of our terminal frontage. The roof work will aid in extending the life of three of our most used buildings. The Car Rental Facility was undersized to keep pace with our summer traffic trends and saw the rental parking area more than double with further efficiency updates made to the car wash facility itself.

Further projects to make efficient use of space and improve aesthetics included a **beautification project** of our outdoor seating area located groundside between the departure and arrival doors. This project included a re-imagining of the space to better entice passengers to relax outdoors while they wait for their flight or friends and family. Similarly, a renovation of our Visitor Information Center area allowed for more seating in arrivals and gave our car rental operators a better queuing area. Additionally, we completed upgrades to our washrooms as well as the common use kitchen area for our tenants.

The introduction of a **washroom feedback tool** allowed us to track performance and respond to feedback in real-time. After the completion of a new cleaning contract procurement process, United Janitorial became our new cleaning contractor, and will keep our spaces looking great for years to come.

YYG GREETING NEW IDEAS



NEW PROJECTS

Always be levelling up. No, we're not talking about getting to the next level of a video game. We're talking about raising the bar, going for more, never being complacent with where you are at. This could be a motto of ours at the Charlottetown Airport. In every department, our team members are constantly working on ways we can improve. Improve for our fellow team members, improve for our tenants and staff, and improve for our passengers. So, what did this past year look like when it comes to levelling up? It looks like a new way to pay for parking and a system to say bye-bye to keys.

We introduced **Hot Spot Parking**, a mobile parking app, in the late summer. This new way to pay for parking allows users to access our parking gate system through an app on their phone. Users can pay directly from their digital "wallet" and never have to worry about losing a parking ticket or forgetting to pay before they leave the terminal building.



HotSpot
Parking Transit Taxis



Lastly, not everything we do is for the passengers. We implemented an **access control system** throughout the airport at the end of 2019. This system will allow us to remove our traditional key system for doors and move to a card-swipe system. No more janitorial key rings, just one card and you're in!



YYG GAINING MOMENTUM

HUMAN RESOURCES

What's an organization without its people? Nothing. The backbone, the lifeblood, the most important asset, right? And this year we had the pleasure of adding two new faces to our team.

Starting the year off, we welcomed **Meghan Senechal** as she transitioned from a contract employee (working with us for the previous 10 months) to the permanent position of Manager, Regulatory Affairs. Meghan's background as a regulatory and environmental engineer has brought great value to our team, and can be seen in the regulatory compliance work and many environmental initiatives she has focused on this past year.

In July, we welcomed **Matt Adams** as our new full-time Director, Finance & Administration. Matt brings strong financial experience to the team and has quickly fit in with the staff and airport community as a whole.

YYG GOING GREEN

ENVIRONMENT

In March of 2018, we joined airports across Canada and the world in the international Airport Carbon Accreditation Program (ACA).

This program promotes environmental efficiency and carbon reduction, and is designed to manage, reduce, optimize and ultimately neutralize the carbon footprint of airports through four levels: mapping, reduction, optimisation and neutrality.

In September of that same year, we were awarded our **level 1 certification**. Since then, we have maintained our level 1 status and are working with our partners to optimize our operating procedures and expenditures to reduce our carbon footprint and achieve level 2 certification.

We are optimistic that we will achieve ACA level 2 for the 2019 operational year.



YYG **GARNERING** SUCCESS

AWARDS & RECOGNITION

Awards and recognition are never why we do the job, but every now and then it warms our hearts when **we are recognized by our peers and industry**. This past year, we had the honour of receiving a number of awards and recognition. These awards extend well beyond our Airport Authority team and show that our success is incumbent upon our relationships with our many valued partners within our community.



**President's Award Winner –
2019 TIAPEI Tourism
Excellence Awards**

**Airport Excellence Award Nominee –
2019 Canadian Tourism Awards**

**Lieutenant Governor's
Award for Engineering
Achievement Recipient
by Engineers PEI**



YYG GATHERING THE NUMBERS

FINANCIAL REVIEW

The Airport Authority had another strong year of passenger traffic which resulted in strong financial results, and a record year for revenue which surpassed \$11 million for the first time. Increased amortization expense drove excess revenues from \$2.2 million in 2018 to \$1.8 million in 2019.

The Airport Authority received the final funding installments from both the Government of Canada and the Province of Prince Edward Island for the completion of runway 03-21 and would again like to acknowledge and thank our funding partners for their valued support.

Property tax grants provided by the City of Charlottetown and the Province of Prince Edward Island are greatly appreciated and we continue to work with these valuable partners to increase the economic benefits that the Airport generates for our Island economy.

2019 ACTUAL VS. BUSINESS PLAN FORECAST

	Plan	Actual	Difference	Explanation
Revenues	10,467,552	11,142,023	674,471	Strong passenger numbers drove PFF, aeronautical revenues, concessions, and parking revenues. Amortization revenue increased due to capital funding received for the runway rehabilitation project.
Expenses	9,150,413	9,325,063	(174,650)	Increased amortization and administrative costs.
Capital	1,720,000	1,702,117	17,883	Major capital expenditures included second phase of roof replacement, QTA site refresh, and purchase of runway sweeper.

Business Plan Forecast 2020 – 2024

Year	2020	2021	2022	2023	2024
Revenues	11,492,734	11,665,859	11,841,795	12,020,590	12,202,290
Expenses	9,545,725	9,795,794	9,930,640	10,002,850	10,085,863
Capital	2,091,000	4,500,000	3,500,000	2,500,000	2,600,000

Note: These are pre-COVID-19 plan figures.

Note: Revenues include passenger facility fees, operations, and investment income.

**In accordance with its lease with Transport Canada, Charlottetown Airport Authority is required to report on all contracts in excess of \$116,830 (\$75,000 in 1994 dollars adjusted by the Consumer Price Index) entered into during the year which were not awarded on the basis of a public competitive tendering process. In 2019, the Authority entered into two sole sourced contracts.*

A sole source contract for \$311,305 was awarded to Atlantic Roofers as a secondary phase of the ATB and CSB roof rehabilitation efforts based on agreement to hold pricing from the first phase of work in 2016 where all roof sections were publicly tendered.

A sole source contract for \$204,079 was awarded to Airport Technologies Inc. for a Re-Life Runway Sweeper as it matches current equipment and provides operational synergies including replacement of parts.



YYG GOVERNING FORWARD

BOARD GOVERNANCE



BOARD OF DIRECTORS

The Airport Authority's Board of Directors meet six times a year with committee meetings taking place on an ongoing basis. The current committees of the board are: executive, finance and audit, infrastructure and development, governance, and nominating.

All committees are actively involved in airport activities, although the executive committee is convened only when decisions are required on an urgent basis between regularly scheduled board meetings.

*Board of Directors remuneration consisting of honorariums and per diems \$56,150

BOARD CHANGES

Kathy Hambly (Government of Canada) was appointed to the Board effective January 15, 2019

Nicole Phillips (Government of Canada) was appointed to the Board effective January 15, 2019

Stefanie Corbett (Greater Charlottetown Area Chamber of Commerce) was appointed to the Board effective April 1, 2019

Kathryn Coll (Greater Charlottetown Area Chamber of Commerce) retired from the Board effective March 31, 2019

CODE OF CONDUCT FOR DIRECTORS

All directors of the Authority are required to comply with a Code of Conduct and rules concerning Conflict of Interest. These require that directors avoid and refrain from involvement in conflict of interest situations. There were no instances of conflict of interest brought before the Board of Directors in 2019.





BOARD OF DIRECTORS



*Kent
Scales*



*Myron
MacKay*



*Heather
Howatt*



*Paul
Kiley*



*Perry
Gotell*



*Angus
Orford*



*Kathryn
Coll*



*Steve
Loggie*



*Stefanie
Corbett*



*Clair
Sudsbury*



*Kathy
Hamby*



*Patrick
MacFadyen*



*Nicole
Phillips*



*Michael
Farmer*

OUR TEAM

MANAGEMENT

- Doug Newson** - CEO
- Shelley Christian** - VP, Operations
- Matt Adams** - Director, Finance & Administration
- Jason Lindsay** - Director, Engineering & Facilities
- Vanessa Smith** - Manager, Marketing & Communications
- Meghan Senechal** - Manager, Regulatory Affairs

**Combined salaries of the senior management team \$575,015*



Doug Newson



Shelley Christian



Matt Adams



Jason Lindsay



Vanessa Smith



Meghan Senechal

ADMINISTRATION

- Susan Stewart** - Administrative Assistant
- Valerie Diamond** - Administrative Assistant

OPERATIONS

- Wade MacMillan** - Supervisor, Operations
- Todd Bannister** - Supervisor, Safety & Security
- Danny Walsh** - Building Maintenance Technician
- Andrew MacRae** - Airport Maintenance Technician
- Anson Grant** - Airport Maintenance Technician
- Brian Misener** - Airport Maintenance Technician
- Chris Walsh** - Airport Maintenance Technician
- Colton Holroyd** - Airport Maintenance Technician
- Cory Bolger** - Airport Maintenance Technician
- Guy Belliveau** - Airport Maintenance Technician
- John Myers** - Airport Maintenance Technician
- Keith Panton** - Airport Maintenance Technician
- Mark Newman** - Airport Maintenance Technician
- Stephen MacLean** - Airport Maintenance Technician
- Thane MacQuarrie** - Airport Maintenance Technician
- Michael Morrow** - Seasonal Equipment Operator
- Mike Hughes** - Seasonal Equipment Operator
- Philip Clark** - Seasonal Equipment Operator
- Richard St. John** - Seasonal Equipment Operator
- Frank Gregory** - Seasonal Equipment Operator

FINANCIAL STATEMENTS

March 10, 2020

INDEPENDENT AUDITOR’S REPORT

TO THE BOARD OF DIRECTORS OF CHARLOTTETOWN AIRPORT AUTHORITY INC.

Opinion

We have audited the accompanying financial statements of Charlottetown Airport Authority Inc., which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net 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 Charlottetown Airport Authority Inc. as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Charlottetown Airport Authority Inc. 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor’s report thereon. The Annual Report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the

other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of the auditor’s report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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 accounting standards for not-for-profit organizations, 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 Charlottetown Airport Authority Inc.’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 Charlottetown Airport Authority Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Charlottetown Airport Authority Inc.’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 Charlottetown Airport Authority Inc.’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 Charlottetown Airport Authority Inc.'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 Charlottetown Airport Authority Inc. 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.

Ardenault Best Cameron Ellis
Chartered Professional Accountants



Statement of Financial Position

As at December 31, 2019

	2019 \$	2018 \$
Assets		
Current assets		
Cash	10,464,735	3,355,569
Short-term investments (note 3)	21,658	21,566
Accounts receivable	392,488	320,653
Grants receivable	-	4,250,315
Prepaid expenses	242,432	214,028
	11,121,313	8,162,131
Capital assets (note 4)	38,601,718	40,004,025
Pension surplus (note 11)	585,000	431,000
	50,308,031	48,597,156
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	769,832	331,323
Security deposits	77,450	109,834
Deferred revenue	115,875	117,879
	963,157	559,036
Severance pay obligation (note 10)	263,907	237,736
Deferred capital contributions (note 5)	11,603,689	12,294,066
	12,830,753	13,090,838
Contingencies (note 7)		
Net Assets		
Invested in capital assets	26,998,029	27,709,959
Internally restricted for future requirements (note 8)	10,135,880	7,336,997
Unrestricted	343,369	459,362
	37,477,278	35,506,318
	50,308,031	48,597,156

Approved by the Board of Directors

Director

Director

Statement of Changes in Net Assets

For the year ended December 31, 2019

	2019			2018	
	Invested in Capital Assets \$	Restricted for Future Requirements \$	Unrestricted \$	Total \$	Total \$
Net assets - Beginning of year	27,709,959	7,336,997	459,362	35,506,318	33,373,154
Excess revenue (expenses) for the year	(2,413,047)	-	4,233,007	1,819,960	2,208,164
Pension remeasurements and other items (note 11)	-	-	151,000	151,000	(75,000)
Internally imposed restrictions (note 8)	-	4,500,000	(4,500,000)	-	-
Investment in capital assets, net of related capital contributions and proceeds of disposals	1,701,117	(1,701,117)	-	-	-
Net assets - End of year	26,998,029	10,135,880	343,369	37,477,278	35,506,318

Statement of Operations

For the year ended December 31, 2019

	2019 \$	2018 \$
Revenue		
Rentals	849,562	782,114
Concessions	1,120,933	1,065,694
Parking	656,396	615,933
Landing fees	1,577,713	1,429,561
Terminal fees	1,155,852	1,026,133
Airport services	96,347	99,550
Other income	676,425	686,908
Amortization of deferred capital contributions	690,377	466,707
Grants in lieu of property taxes (note 9)	488,398	487,942
	7,312,003	6,660,542
Expenses		
Salaries and benefits (note 11)	2,340,552	2,046,109
Property taxes	514,878	514,799
Materials, supplies and services	3,365,209	3,014,747
Amortization	3,104,424	2,600,479
	9,325,063	8,176,134
Operating loss before passenger facility fees	(2,013,060)	(1,515,592)
Passenger facility fees	3,830,020	3,696,380
Operating income	1,816,960	2,180,788
Other income (expense)		
Investment income	-	26,698
Gain on disposal of capital assets	1,000	4,678
Defined benefit pension income (cost) (note 11)	2,000	(4,000)
	3,000	27,376
Excess revenue for the year	1,819,960	2,208,164

Statement of Cash Flows

For the year ended December 31, 2019

	2019 \$	2018 \$
Cash provided by (used in)		
Operating activities		
Excess revenue for the year	1,819,960	2,208,164
Items not affecting cash		
Amortization	3,104,424	2,600,479
Amortization of deferred capital contributions	(690,377)	(466,707)
Gain on disposal of capital assets	(1,000)	(4,678)
	4,233,007	4,337,258
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	(71,835)	36,434
Decrease (increase) in grants receivable	4,250,315	(4,250,315)
Increase in prepaid expenses	(28,404)	(60,073)
Decrease in security deposits	(32,384)	(37,950)
Increase (decrease) in accounts payable and accrued liabilities	438,509	(1,504,961)
Increase (decrease) in deferred revenue	(2,004)	25,592
	8,787,204	(1,454,015)
Financing activities		
Increase in severance pay obligation	26,171	2,835
Increase in deferred capital contributions	-	9,000,000
	26,171	9,002,835
Investing activities		
Purchase of capital assets	(1,702,117)	(19,162,497)
Proceeds on disposal of capital assets	1,000	6,304
Decrease (increase) in pension surplus	(154,000)	56,000
Pension remeasurement and other items	151,000	(75,000)
	(1,704,117)	(19,175,193)
Increase (decrease) in net cash	7,109,258	(11,626,373)
Net cash - Beginning of year	3,377,135	15,003,508
Net cash - End of year	10,486,393	3,377,135
Net cash consists of		
Cash	10,464,735	3,355,569
Short-term investments	21,658	21,566
	10,486,393	3,377,135

Notes to Financial Statements

December 31, 2019

1 Purpose of the organization

Charlottetown Airport Authority Inc. was incorporated without share capital under Part II of the Canada Corporations Act in 1996. The Authority operates the Charlottetown Airport and airport business park under a 60 year lease with the Government of Canada.

Charlottetown Airport Authority Inc. is currently exempt from federal and provincial income taxes.

2 Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements include the following significant accounting policies:

Method of accounting

Charlottetown Airport Authority Inc. follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Cash

Cash consists of cash on hand and bank balances.

Revenue recognition

Rental revenue arises from land leases and rental of space in the air terminal building. These revenues are recognized on an accrual basis.

Concession income is recognized as earned and is primarily from licenses to vehicle rental agencies and other concession type operations.

Parking revenue consists of fees paid for long and short term parking by travellers, car rental parking, and employee parking, and is recognized as earned.

Landing and terminal fees are recognized upon the landing of aircraft at the airport.

Airport services revenue consists of aircraft parking fees, snow removal charges and other miscellaneous charges to airport users, and is recognized as it is earned.

Other income consists primarily of recovered costs and is recognized in the period in which the cost recovery occurs.

Deferred government contributions

Government contributions relating to the acquisition of capital assets are recorded as deferred capital contributions. These amounts are amortized on the same basis as the related capital assets are amortized.

Government grants relating to expenses are shown as revenue in the period in which the related expenses are incurred.

Capital assets and amortization

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization of capital assets is calculated using the straight-line method. Amortization is calculated at one-half of the normal rate in the year of acquisition. The estimated useful life of individual assets within a category is determined upon acquisition and the asset’s cost is amortized over this term as follows:

Mobile equipment	1 - 25 years
Equipment and furniture	1 - 15 years
Business park	5 - 40 years
Leasehold improvements	3 - 30 years

Construction in progress is not amortized until it is available for use.

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for- profit enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Significant items subject to such estimates and assumptions include the valuation of accounts and grants receivable, and the estimated useful life of capital assets. Actual results could differ from those estimates.

Financial instruments

(a) Measurement of financial instruments

Charlottetown Airport Authority Inc.’s financial instruments consist of cash, short-term investments, accounts receivable, grants receivable, accounts payable and accrued liabilities and security deposits.

The company initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. This fair value amount is then deemed to be the amortized cost of the financial instrument.

The company subsequently measures all its financial assets and financial liabilities at amortized cost. Investments are classified as short-term or long-term based on their individual maturity dates.

Investments with maturity dates within twelve months are classified as short-term. All other investments are classified as long-term.

(b) Impairment

For financial assets measured at cost or amortized cost, the Authority determines whether there are indications of possible impairment. When there is an indication of impairment, and the Authority determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess revenue for the year. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess revenue for the year.

(c) Risks

Transacting in financial instruments exposes the Authority to certain financial risks and uncertainties. These risks include:

i) Credit risk: The Authority is exposed to credit risk in connection with the collection of its accounts and grants receivable. The Authority mitigates this risk by performing continuous evaluation of its accounts and grants receivable.

ii) Liquidity risk: The Authority’s exposure to liquidity risk is dependent on the collection of accounts and grants receivable or raising of funds to meet commitments and sustain operations. The Authority controls liquidity risk by management of working capital, cash flows and availability of borrowing facilities.

3 Short-term investments

	2019 \$	2018 \$
Cash - investment account	21,658	21,566

4 Capital assets

			2019	2018
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	217,868	-	217,868	217,868
Mobile equipment	5,523,829	3,701,167	1,822,662	1,871,465
Equipment and furniture	1,747,571	1,235,940	511,631	475,308
Business park	2,213,678	1,036,072	1,177,606	1,272,196
Leasehold improvements	51,062,283	16,190,332	34,871,951	36,167,188
	60,765,229	22,163,511	38,601,718	40,004,025

5 Deferred capital contributions

			2019	2018
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Mobile equipment	1,219,089	1,088,646	130,443	170,203
Equipment and furniture	152,194	114,393	37,801	53,623
Business Park	535,784	254,543	281,241	294,636
Leasehold improvements	16,241,685	5,087,481	11,154,204	11,775,604
	18,148,752	6,545,063	11,603,689	12,294,066

6 Accounts payable and accrued liabilities

	2019 \$	2018 \$
Trade and accruals	752,230	931,840
HST payable (receivable)	17,602	(600,517)
	769,832	331,323

7 Commitments and contingencies

(a) Charlottetown Airport Authority Inc. is involved in a legal dispute concerning personal injury matters. No amount has been accrued in the records of the Authority as the outcome of the disputes is uncertain and the amount of the liability, if any, is expected to be fully covered by insurance.

(b) The responsibility for any liability that may arise in the future relating to the existence of hazardous substances, originating before the transfer on March 1, 1999 to the Authority, rests with the Government of Canada. The Authority has responsibility for any environmental liabilities that arise from hazardous substance problems that occur subsequent to the transfer date.

8 Net assets internally restricted for future requirements

Effective December 31, 2019, the Board authorized the transfer of \$4,500,000 (2018 - \$4,400,000) from unrestricted net assets to internally restricted net assets. The internal restrictions set by the Board allow transfers from this fund only for authorized purposes including the purchase of capital assets.

9 Grants in lieu of property taxes

The Province of Prince Edward Island and the City of Charlottetown provide the Authority annually with grants in lieu of property taxes. The granted amount of \$488,398 for the year ended December 31, 2019 (2018 - \$487,942) is included as revenue in these financial statements.

10 Severance pay obligation

Employees, other than management, are entitled to severance pay under the terms of a collective agreement. The severance pay obligation is accrued by the Authority commencing with an individual's employment.

Management is entitled to severance pay only after 65 years of age has been reached as per their employment contracts.

11 Pension plan

Charlottetown Airport Authority Inc. is a member of the Canadian Airport Authorities and Canadian Port Authorities Pension Plan (the “Plan”), a multiple employer pension plan. The Plan includes both a defined benefit portion (“Superannuation Plan”) and a defined contribution portion (“Defined Contribution Plan”). Employees who were previously employed by Transport Canada automatically became members of the Superannuation Plan on March 1, 1999 when control of the Charlottetown airport was transferred to Charlottetown Airport Authority Inc. The Superannuation Plan was closed to new members subsequent to that date, and all other employees of the Authority are members of the Defined Contribution Plan.

Eligible employees contribute to the Superannuation Plan each year at the rate of 7.5% of earnings up to \$3,500, 4.0% of earnings between \$3,500 and \$52,500 and 7.5% of earnings above \$52,500. The Authority is required to make annual contributions to the Superannuation Plan as advised by the actuaries.

Employees who are members of the Defined Contribution Plan contribute 6.5% of earnings, while the Authority matches 100% of employees’ contributions. Pension expense for the Defined Contribution Plan was \$93,158 in 2019 (2018 - \$83,058), and is included in salaries and benefits in the Statement of Operations.

Valuation information on the Superannuation Plan for the year ended December 31, 2019 is provided by the Plan’s actuary, AON Consulting Inc., from their most recent actuarial valuation of the Plan, completed as of January 2019 and extrapolated to December 31, 2019.

Significant assumptions used by the Plan’s actuary for this valuation are:

	2019	2018
Discount rate	4.50% per year	4.50% per year
Salary escalation rate	2.50% per year	2.50% per year
Indexation rate	2.00% per year	2.00% per year
Increases in year’s maximum pensionable earnings	2.50% per year	2.50% per year
Increases in maximum pension limit	in accordance with Income Tax Act, then 2.5% per year	in accordance with Income Tax Act, then 2.50% per year
Interest on member contributions	4.50% per year	4.50% per year

The following information is calculated by the Plan’s actuary in accordance with accounting standards for not- for-profit organizations:

Superannuation Plan - Actuarial valuation information	2019 \$	2018 \$
<u>Defined benefit plan assets</u>		
Fair value of plan assets -		
Balance - beginning of year	1,536,000	1,592,000
Expected return on assets	180,000	(12,000)
Charlottetown Airport Authority Inc. contributions	1,000	23,000
Employee contributions	1,000	2,000
Benefits paid	(47,000)	(46,000)
Administrative expenses	(17,000)	(23,000)
Balance - end of year	1,654,000	1,536,000
<u>Defined benefit plan obligations</u>		
Accrued benefit obligation -		
Liabilities - beginning of year	1,105,000	1,105,000
Current service cost	1,000	13,000
Interest cost	49,000	49,000
Benefits paid	(47,000)	(46,000)
Actuarial gains	(39,000)	(16,000)
Balance - end of year	1,069,000	1,105,000
<u>Reconciliation of the funded status of the Superannuation Plan to the amount recorded in the financial statements</u>		
Fair value of the plan assets	1,654,000	1,536,000
Accrued benefit obligation	(1,069,000)	(1,105,000)
Accrued benefit asset	585,000	431,000
Accrued benefit asset - beginning of year	431,000	487,000
Defined benefit pension income (cost) for the year	2,000	(4,000)
Pension remeasurement and other items	151,000	(75,000)
Charlottetown Airport Authority Inc. contributions	1,000	23,000
	585,000	431,000
Less: valuation allowance	-	-
Accrued benefit asset per financial statements - end of year	585,000	431,000



Charlottetown Airport Authority
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