



CHARLOTTETOWN AIRPORT AUTHORITY  
2020 ANNUAL REPORT





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# Chair's Message

I have been very fortunate to have served as the Chair of the Charlottetown Airport Authority's Board of Directors since May 2018. It is an honour to lead such a dedicated group of leaders who donate their time and expertise for the benefit of YYG Charlottetown Airport, and the community it serves. They continually put the interests of YYG at the forefront of all decisions and represent their nominators in a responsible and professional manner at all times.

Never has this commitment and support been more evident than over the past year. As we kicked off 2020, the most significant deliberations the board faced were regarding anticipated terminal capacity challenges for the coming summer, and just how we would manage the forecasted increase in passenger traffic? That's a pretty good challenge to have to deal with. On the heels of a record year for air travel in 2019, and three significant announcements of new airlines and routes in early 2020, we all listened intently as management presented plans to deal with our projected growth. At our March 10th board meeting, we even gave management the green light to proceed with plans for a terminal expansion.

Well, I think we all know what happened next. Within three days of this meeting, we were dealing with a whole new set of challenges. To say that we had to switch gears would be a massive understatement. By the end of that same week, the onset and reality of COVID-19 had hit Prince Edward Island and its impacts were just starting to be felt across our industry. At that time, I don't think any of us realized just how much we would be impacted, nor how long the pandemic would last. As we sit here today, we continue to feel the impacts of the pandemic on our airport, our people, and our community, as air travel continues to pale in comparison to typical levels from years past.

As a board, our thinking had to shift from long-term visionary and strategic caretakers of one of PEI's most important assets, to short-term crisis and survival mode. I commend our directors for their leadership, engagement and encouragement, as we worked with the Authority's management team to deal with the task at hand. I know I speak on behalf of the entire YYG team when I say "thank you" for your support and leadership during these critical times.

I also want to extend a sincere thank you to the YYG team. As board members, we are here to help provide policy and strategic support to management, but it is the dedicated group of people working at YYG every day that steered us through the pandemic, especially in those early days. As we looked to secure the future viability of the airport and reduce the impacts of COVID-19 as much as possible, many difficult decisions had to be made and I commend the team for moving quickly with a view to the future, and what has been accomplished to date.

There will be challenging days ahead. Our sector was one of the first to be hit by the negative impacts of the pandemic, and will be one of the last to fully recover. However, we are confident that the foundation built over the years from good governance and stewardship of YYG has us in a position of strength to weather even the worst storm like the one we find ourselves in. YYG Charlottetown Airport is a pillar of our community and our province, and will be here to serve Islanders, businesses, and visitors for years to come.



**Kent Scales**  
Board Chair

# CEO's Message

It is safe to say that 2020 was a year that we would all like to soon forget, but likely never will.

We started the year off with two very strong months which included record passenger numbers and new route announcements. A non-stop flight to Calgary? From PEI? Who would have ever thought? Well, it was coming in June. We were gearing up to see over 400,000 passengers in a year like no other.

We were flying high; pardon the pun.

All that excitement and optimism would soon turn to concern and uncertainty, as midway through March, we were hit with a global pandemic that would have far reaching impacts to our province, our industry, and especially, our airport. Air travel plummeted immediately, with some months experiencing traffic declines of more than 97%. Yes, 97%. When all was said and done, air travel was down over 81% in 2020, as only 71,480 passengers went through our facilities. These are traffic levels that we have never seen before in our airport's history. Numbers that none of us ever expected to see.

As challenging as these days were, the show had to go on. YYG Charlottetown Airport is an essential transportation asset for our province and we were focused on remaining open at all times. Ensuring the safe and secure movement of essential travellers and goods is not a responsibility that we take lightly and a global pandemic was not going to get in our way. Although we were severely hampered by new travel restrictions and public guidance to avoid travel, there were still people who had to travel for work or other critical reasons, not to mention medivac flights that did not stop due to COVID-19.

Adversity often brings out the best in people. When the pandemic hit us, it hit us hard and it hit us fast. The YYG team rose to the occasion as guidelines, restrictions, processes, and procedures were changing or being implemented on an almost daily basis. Some would have compared it to building an airplane while it was in the air. I have never been prouder of how our team came together to ensure that the airport did remain open, and that we were able to provide a safe operating environment for our travellers, employees, and tenants.

As we look ahead to the restart and recovery of air travel, we have developed some guiding principles that will not only help us get back to where we were, but also help us adapt to changing passenger expectations. These principles focus on safety, functionality, technology, financial stewardship, and corporate social responsibility. COVID-19 has forced our industry to change, and with that, we must adapt as well. Although patience will be required, brighter days are ahead and with these principles in mind, we plan to be back driving economic growth for our province when it is safe to travel again.

In addition to recognizing the sacrifices and commitment our entire team has made over the past year, I also want to thank our Board of Directors for their guidance, leadership, and dedication to the airport during what has been undoubtedly the most challenging time in the Airport Authority's history. They have been unwavering in their support of our team and on our focus to rebuild, and I look forward to continuing to work with them in the months ahead.

I would like to acknowledge our government partners at all levels, both elected officials as well as senior staff, that we have worked with throughout the pandemic. They have all opened their doors to hear our concerns and to offer their support. We are grateful for your support to date, and your recognition of just how important YYG is to our community.

Finally, to you, our passengers... we miss you. And we look forward to welcoming you back through our doors as soon as it is safe to do so. Please know that we have an unwavering focus on rebuilding efficient air access options for PEI, and that we will always strive to provide you with the safest travel experience possible.



**Doug Newson**  
Chief Executive Officer





# Business Planning

## Our Vision

To provide an exceptional airport experience.

## Our Mission

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

## Our Strategic Goals

- 1.** Be a leader in operating a safe, secure, and environmentally sustainable operation.
- 2.** Enhance existing air service and strategically pursue growth.
- 3.** Operate in a financially sustainable manner.
- 4.** Champion a customer-first culture to drive a unique passenger experience.
- 5.** Cultivate professional excellence through organizational engagement, performance, and development.
- 6.** Advance valued partnerships with our stakeholders and the community.

# Air Service

Two months into 2020, YYG was on pace for a banner year for air travel. The previous year saw a record number of passengers make their way through our terminal building and January and February saw record months for that time of year. On top of that, in the span of five weeks during this same period, there were three new exciting route announcements for the coming summer: WestJet launching new service to Calgary; Swoop adding YYG to their network with non-stop flights to Hamilton; and Flair expanding our way with flights to Toronto Pearson. Things were going well, almost too well. Internally, there was a lot of discussion (concern) about how we were going to handle the projected passenger growth for the peak summer period. Coming on the heels of completing a new Airport Master Plan, we issued an RFP for an air terminal building expansion.

Then, mid-March arrived; Friday, March 13, 2020 to be precise. This was the day that all of PEI really started to learn just how impactful COVID-19 would be to our Island, and our airport.

Travel restrictions resulted in a sudden and sharp decline in bookings. Those who were away on vacation hurried to get home, while others cancelled plans for March Break. Airline schedule changes started to be implemented in the days and weeks that followed, starting with the cancellation of Sunwing service for the rest of winter 2020. Air Canada and WestJet soon followed suit with capacity reductions to meet depressed demand levels.

As the year went on and we approached the summer season, we began to hear word that all the new services announced earlier in the year would not materialize. In fact, WestJet not only cancelled plans to launch the Calgary service, they actually discontinued service altogether at several airports in our region, including YYG, as of early

November. By the end of the year, we were left with one daily Air Canada flight between Charlottetown and Montreal.

All told, the impact on passenger traffic was significant as movements fell by over 81%, finishing at 71,480 passengers. From April to December alone, traffic was down almost 94%.

Looking forward, no one has a crystal ball to predict when air travel will get back to pre-COVID levels, or even when travel restrictions will ease enough to allow people to freely move about the country and around the world without the need to quarantine or self-isolate. However, we do believe that PEI and YYG are well positioned to recover quickly and we will work with all of our partners and stakeholders to do everything possible to ensure we can provide those air access options that Islanders desire, and deserve.



## Passenger stats:

2015	316,628
2016	354,234
2017	370,688
2018	370,730
2019	383,183



# Marketing & Community Relations

One bright moment in 2020 was the official launch of our new brand - YYG Charlottetown Airport - at our annual meeting in June. Working with Dashboard Marketing and Graphcom, the creation of our new brand was the result of a long process that included consultations with internal and external stakeholders. We believed that it was time for a refresh and are proud of our new look and feel. And we hope that Islanders take pride in "YYG" as well.

Early in 2020, before the pandemic really took hold, we partnered with Sunwing Vacations on a pair of promotions with radio stations Ocean 100 and 95.1FM CFCY to offer Islanders the chance to win a trip for two to Puerto Plata, Dominican Republic. Both of these promotions were a resounding success and we can't wait to be able to promote flights like this someday soon!

COVID-19 also impacted the way we market to, and communicate with, our passengers. It also greatly impacted our passenger experience inside the terminal building.

As a safety precaution, we moved quickly to restrict access to the terminal, which forced the cancellation of some airport programs that we thoroughly enjoyed providing for our passengers and guests. We hope to see experiences like the Therapy Dog Program back at our airport as soon as it is safe to do so.

*Even in the midst of a challenging year, both from a financial perspective as well as for our employees, the Airport Authority and our team recognize the importance of giving back to our community that gives so much to us. Community engagement remains a vital part of our strategic focus and we value the connections we enjoy with our partners.*

Although there were fewer events than normal that we could support in 2020, we were able to sponsor or support the following **organizations** and **events**:

- Queen Elizabeth Hospital Foundation
- Prince County Hospital Foundation
- Stars for Life Foundation
- Hope Air
- 2020 Credit Union Music PEI Week
- Pink Shirt Day
- CBC's Feed a Family Campaign/ Upper Room Food Bank
- Tourism Industry Association of PEI
- Jack Frost Winterfest
- Rotary Club of Charlottetown
- Holland College Tourism & Travel Management Program



# Airport Economic Impact

YYG is a key economic sparkplug for Prince Edward Island.

As people come and go through YYG Charlottetown Airport, most would see the airport as simply a building that enables them to travel from point A to point B. The reality though, is that YYG is a key link for businesses, residents, and visitors, and is essential to not only the Island's future prosperity and growth, but also to its short-term economic recovery.

The overall economic impact of the airport is felt well beyond our terminal building and runways. During a typical pre-pandemic year, there were over 200 people who relied on the airport for wages and salaries. As air travel evaporated, that number was drastically decreased. No company was immune from the job cuts that our industry faced and continues to deal with.

Beyond direct employment inside the airport, the mere presence of YYG Charlottetown Airport creates wealth well beyond this. Just ask the tourist operator who relies on international visitation to fill their B&B. Or talk to the PEI BioAlliance about key factors for bringing more bioscience companies to Prince Edward Island. These are just a few examples of the ways that Islanders and our business community rely on YYG. Having a vibrant airport in any community is a significant economic driver to that region, and we are no different.

A 2018 economic impact study, completed by the Chris Lowe Group, measured several key economic indicators.

- + Total gross economic impact to PEI of \$103.4 million;
- + Airport contributes \$62 million to the Island's GDP;
- + Full-time equivalent employment of 788 jobs;
- + Generates \$41.7 million in wages and salaries;
- + Over 50% of air travel takes place from June to September, and those arriving by air stay longer and spend more money, on average, than those arriving by other modes of transportation;
- + Direct and spin-off impacts of pleasure visitors of \$135.1 million to economic output;
- + Personal income and consumption taxes of \$13.0 million.





# Operations

During Q1 of 2020 the team was focused on supporting the new airlines' startup and new routes that we were expecting during the summer. It was a very exciting time; we felt our biggest challenge of 2020 was where we were going to put all the passengers inside the terminal building. Unfortunately, our biggest challenge was realized in late March when it became clear we were now living in a pandemic that changed air travel significantly. We quickly adjusted our operations in the early days of the pandemic to adhere to all of the ever-changing public health guidance both provincially and nationally, regulatory requirements, and airline flight schedules. As an airport, it meant procuring additional hand sanitizer, disinfection solutions, plexiglass, signage, and updating our cleaning policies to support the travelling public and staff within the airport. Our Airport Authority staff adapted to all of the new policies and procedures we had to undertake as part of our operational plans to ensure our facilities were safe.

As flights slowed down and air travel stabilized, we focused on creating our YYGoSafely campaign to highlight YYG's new passenger experience. In 2021 we plan to take this program and incorporate all the work done to date into the Airports Council International (ACI) Health Accreditation to show our commitment to providing a safe and healthy airport for all.

As a result of COVID-19 and its impact on aircraft movements and airport operational constraints, Transport Canada issued several regulatory exemptions over the past number of months. These exemptions were vital for us to respond and support all our partners at the airport. As a key piece of Prince Edward Island's critical infrastructure, we knew we had to be open to life flights, nurse charters, and of course, our airline partners.

## Safety & Security

Safety & Security are the cornerstones of everything our operations group does on daily basis. While the airport was much slower than normal, our Commissionaires continued to provide our 24x7 onsite security coverage. 2020 was a tough one for YYG, but we could not maintain the airport without the support of our Commissionaires who worked the front line. Their day-to-day was considerably altered with the lack of passengers and employees, but they showed up every day willing to do whatever was required to help.

Among all the changes and challenges, we were able stay on track with our 2020 Safety Management System (SMS) Objectives and Goals. The most significant accomplishment was revamping our in-house Aircraft Rescue Fire Fighting (ARFF) training program and creating a newly required winter operations training program. Another notable accomplishment was our ability to maintain our internal audit schedule during 2020. We completed internal audits of our Winter Maintenance Program, Wildlife Management Program, Airport Operations Manual, and airfield design standards. Audit findings from internal audits go through our safety management system, and corrective action plans are created and implemented for each.



## Regulatory Compliance

We continue to strive to make the airport accessible to all individuals. In 2020, we prepared for the new Canadian Transportation Act (CTA) Accessible Transportation for Persons with Disabilities Regulations (ATPDR) that partially came into effect in June 2020. And as part of the new brand launch we ensured that our website was web accessible, implemented a new training program, provided alternative formats for safety and security public announcements, implemented a curbside assistance program, and offered a groundside relief area for service dogs.

## Environment

Our Airport Carbon Accreditation (ACA) certificate was extended a year by an amendment to the program due to COVID-19. We continued to work towards reducing our carbon footprint by implementing several efficiencies and monitoring upgrades at the airport. Our Combined Services Building went through a large LED retrofit program, which will reduce the electricity portion of our carbon footprint. Additionally, we implemented some new technology for monitoring heating usage throughout the buildings on the airport property. These updates provide valuable data on the heating portion of our carbon footprint and allow us to plan future efficiency upgrades with a more targeted approach.

In 2020, we worked with Transport Canada on our contaminated sites and were able to provide sufficient data that one of our historical contaminated sites is no longer a risk to the environment. Therefore, no further monitoring is required moving forward at that site. Additionally, a second historical contaminated site was moved from annual to bi-annual monitoring due to data showing the risk to the environment is low. However, we believe collecting further data will be beneficial at this site until we can determine there is no risk to the environment.

## RESTRICTED ENTRY

**Safety is our top priority. In response to COVID-19:**

-  Only travellers are permitted inside the airport (except for employees and deliveries)
-  Physical distancing (2m / 6ft) is mandatory
-  Non-medical masks or face coverings are required for all air travellers
-  Do not enter if you are self-isolating
-  Do not enter if you are experiencing symptoms of COVID-19



# Capital Program

We started the year with a modest 2020 capital program plan totalling \$3,400,000 and ended up spending under \$400,000. At the onset of the pandemic, projects that had not been started were put on hold or deferred until future years, but we were able to restart and complete some of these projects later in the year.

**Completed projects around the terminal building that can be seen when we welcome everyone back include:**

- Additional power options;
- gift shop and restaurant updates;
- updates to ground side canopies;
- and washroom hand dryers.

The majority of our 2020 capital plan, however, focused on energy efficiency initiatives inside the Air Terminal Building and Combined Services Building.

Projects that we were forced to delay included the procurement of an ARFF truck and small vehicle and construction of a Ground Support Equipment (GSE) storage building.



# Human Resources

The hardest part of the past year has been seeing the impact that the pandemic has had on our people, both on those directly employed by the Charlottetown Airport Authority and with our airport partners.

In previous years, we would be up to 27 employees at the peak of the winter season, which included 6 management staff and 4 winter seasonal positions. As we write this report, we are down to 20 total employees on our team, which is the lowest number the Airport Authority has seen in over a decade.

We want to recognize and sincerely thank all of our current and former employees for their contributions and dedication to YYG. Every single employee takes pride in our airport and for that, we are grateful.



*One positive story that we were able to celebrate in 2020 was the retirement of long-time Airport Maintenance Technician Brian Misener. Brian has been an AMT at YYG since transfer in 1999 and since 2012, has also been a Field Foreman for our winter shift. We wish Brian and his wife Sheila all the best in his retirement.*



Congrats, Brian!

# Financial Review

Since the first quarter of 2020, the outbreak of COVID-19 has resulted in an unprecedented global disruption of business with the aviation industry among the most significantly impacted sectors. To combat the spread of COVID-19, governments worldwide have enacted various emergency measures and travel restrictions, and the demand for air travel has been significantly depressed. Reductions in flight movements and air travel demand have significantly reduced our major revenue streams in 2020 including landing and terminal fees, Passenger Facility Fees, car rental concessions, and customer parking.

We have been proactive in implementing cost reduction strategies where possible to remain focused on only those initiatives required to operate in a safe and secure manner until passenger demand returns. In addition, YYG continues to be eligible for the Canada Emergency Wage Subsidy which has been beneficial in helping offset a portion of personnel costs.

Property tax grants provided by the City of Charlottetown and the Province of Prince Edward Island are greatly appreciated. We will continue to work with all our valuable partners to build toward a recovery from this pandemic, while remaining focused on connecting PEI to the world and driving economic growth for our Island economy.

## 2020 ACTUAL VS. BUSINESS PLAN FORECAST

	Plan	Actual	Difference	Explanation
<b>Revenues</b>	11,492,734	4,782,169	(6,710,565)	Reduced flight movements and passenger traffic due to COVID-19 significantly reduced major revenue streams including landing and terminal fees, Passenger Facility Fees, customer parking and car rental concessions.
<b>Expenses</b>	9,545,725	7,616,239	1,929,486	General cost reduction strategies across all expense categories to cancel or defer non-essential initiatives.
<b>Capital</b>	3,391,000	383,428	3,007,572	Deferred several capital projects.



## BUSINESS PLAN FORECAST 2021 – 2025

Year	2021	2022	2023	2024	2025
<b>Revenues</b>	5,088,978	6,671,415	9,086,993	10,597,808	11,678,853
<b>Expenses</b>	8,192,454	8,403,852	8,754,740	9,068,951	9,449,080
<b>Capital</b>	1,805,000	2,915,000	3,995,000	3,495,000	6,137,900

**Note: Revenues include Passenger Facility Fees, operations, subsidies, and investment income.**

*\*In accordance with its lease with Transport Canada, Charlottetown Airport Authority is required to report on all contracts in excess of \$118,980 (\$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. No such contracts were entered into during the report period.*



# Board Governance

## Board of Directors

The Charlottetown Airport Authority Board of Directors is composed of 12 directors, 9 nominated by the respective entities and 3 appointed by the Board itself, as well as a Corporate Secretary. YYG Charlottetown Airport is very fortunate to have a dedicated group of community leaders and visionaries that consistently put the best interests of the airport at the heart of their discussions. In 2020, the board took the impressive and unselfish step of waiving all honorariums.

### Directors are appointed/nominated by the following entities:

Government of Canada	2
Province of Prince Edward Island	1
City of Charlottetown	2
City of Summerside	1
Federation of Prince Edward Island Municipalities	1
Greater Charlottetown Area Chamber of Commerce	1
Tourism Industry Association of Prince Edward Island	1
Charlottetown Airport Authority	3

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 \$0.

## Code of Conduct for Directors

All directors 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 2020.

The Airport Authority's Board of Directors meets six times a year with committee meetings taking place on an ongoing basis. The board has six active committees:

- Executive
- Finance & Audit
- Nominating
- Governance
- Infrastructure & Development

### Board of Directors



Kent Scales



Myron MacKay



Heather Howatt



Paul Kiley



Perry Gotell



Angus Orford



Steve Loggie



Stefanie Corbett



Clair Sudsbury



Kathy Hamby



Patrick MacFadyen



Nicole Phillips



Michael Farmer

# Our Team

## Management

**Doug Newson**  
Chief Executive Officer

**Shelley Christian**  
Vice President, Operations

**Matt Adams**  
Director, Finance & Administration

**Meghan Senechal**  
Manager, Regulatory Affairs

\*Combined salaries of the senior management team \$555,128



Doug Newson



Shelley Christian



Matt Adams



Meghan Senechal

## Administration

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

## Operations

**Wade MacMillan** Supervisor, Operations  
**Chris Walsh** Acting Supervisor, Safety & Security  
**Danny Walsh** Building Maintenance Technician  
**Andrew MacRae** Airport Maintenance Technician  
**Anson Grant** 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  
**Todd Bannister** Airport Maintenance Technician



# Financial Statements

March 16, 2021

## 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, 2020, 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, 2020, 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.

other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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.

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

#### 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.

*Arsenault Best Cameron Ellis*  
Chartered Professional Accountants



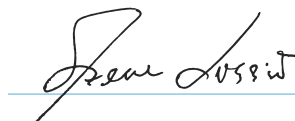
## Statement of Financial Position

As at December 31, 2020

	2020 \$	2019 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	9,390,962	10,464,735
Short-term investments (note 3)	21,794	21,658
Accounts receivable (note 4)	209,078	392,488
Prepaid expenses	246,429	242,432
	<u>9,868,263</u>	<u>11,121,313</u>
<b>Capital assets</b> (note 5)	35,918,080	38,601,718
<b>Pension surplus</b> (note 12)	716,000	585,000
	<u>46,502,343</u>	<u>50,308,031</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 7)	446,152	769,832
Security deposits	79,450	77,450
Deferred revenue	3,331	115,875
	<u>528,933</u>	<u>963,157</u>
<b>Severance pay obligation</b> (note 11)	258,222	263,907
<b>Deferred capital contributions</b> (note 6)	10,941,712	11,603,689
	<u>11,728,867</u>	<u>12,830,753</u>
<b>Contingencies</b> (note 8)		
<b>Net Assets</b>		
Invested in capital assets	24,976,368	26,998,029
Internally restricted for future requirements (note 9)	9,297,108	10,135,880
Unrestricted	500,000	343,369
	<u>34,773,476</u>	<u>37,477,278</u>
	<u>46,502,343</u>	<u>50,308,031</u>

Approved by the Board of Directors

 Director

 Director



## Statement of Changes in Net Assets

For the year ended December 31, 2020

			2020	2019
	Invested in Capital Assets \$	Restricted for Future Requirements \$	Unrestricted \$	Total \$
<b>Net assets - Beginning of year</b>	26,998,029	10,135,880	343,369	37,477,278
Excess revenue (expenses) for the year	(2,400,333)	-	(425,469)	(2,825,802)
Pension remeasurements and other items (note 12)	-	-	122,000	122,000
Internally imposed restrictions (note 9)	-	(460,100)	460,100	-
Investment in capital assets, net of related capital contributions and proceeds on disposals	378,672	(378,672)	-	-
<b>Net assets - End of year</b>	<b>24,976,368</b>	<b>9,297,108</b>	<b>500,000</b>	<b>34,773,476</b>

## Statement of Operations

For the year ended December 31, 2020

	2020 \$	2019 \$
<b>Revenue</b>		
Rentals	738,491	849,562
Concessions	177,499	1,120,933
Parking	190,755	656,396
Landing fees	358,207	1,577,713
Terminal fees	279,423	1,155,852
Airport services	29,984	96,347
Other income	378,142	676,425
Amortization of deferred capital contributions	666,298	690,377
Grants in lieu of property taxes (note 10)	489,255	488,398
	<b>3,308,054</b>	<b>7,312,003</b>
<b>Expenses</b>		
Salaries and benefits (note 12)	2,126,408	2,340,552
Property taxes	515,828	514,878
Materials, supplies and services	1,908,104	3,365,209
Amortization	3,065,899	3,104,424
	<b>7,616,239</b>	<b>9,325,063</b>
<b>Operating loss before passenger facility fees</b>	<b>(4,308,185)</b>	<b>(2,013,060)</b>
Passenger facility fees	700,880	3,830,020
<b>Operating income (loss)</b>	<b>(3,607,305)</b>	<b>1,816,960</b>
<b>Other income (expense)</b>		
Government assistance	773,235	-
Gain (loss) on disposal of capital assets	(732)	1,000
Defined benefit pension income (note 12)	9,000	2,000
	<b>781,503</b>	<b>3,000</b>
<b>Excess revenue (expenses) for the year</b>	<b>(2,825,802)</b>	<b>1,819,960</b>

## Statement of Cash Flows

For the year ended December 31, 2020

### Cash provided by (used in)

#### Operating activities

	2020 \$	2019 \$
Excess revenue (excess expenses) for the year	(2,825,802)	1,819,960
Items not affecting cash		
Amortization	3,065,899	3,104,424
Amortization of deferred capital contributions	(666,298)	(690,377)
Loss (gain) on disposal of capital assets	732	(1,000)
	<u>(425,469)</u>	<u>4,233,007</u>
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	183,410	(71,835)
Decrease in grants receivable	-	4,250,315
Increase in prepaid expenses	(3,997)	(28,404)
Increase (decrease) in accounts payable and accrued liabilities	(323,680)	438,509
Increase (decrease) in security deposits	2,000	(32,384)
Decrease in deferred revenue	(112,544)	(2,004)
	<u>(680,280)</u>	<u>8,787,204</u>

#### Financing activities

Increase (decrease) in severance pay obligation	(5,685)	26,171
Increase in deferred capital contributions	4,321	-
	<u>(1,364)</u>	<u>26,171</u>

#### Investing activities

Purchase of capital assets	(383,428)	(1,702,117)
Proceeds on disposal of capital assets	435	1,000
Increase in pension surplus	(131,000)	(154,000)
Pension remeasurement and other items	122,000	151,000
	<u>(391,993)</u>	<u>(1,704,117)</u>

### Increase (decrease) in net cash

(1,073,637)      7,109,258

### Net cash - Beginning of year

10,486,393      3,377,135

### Net cash - End of year

9,412,756      10,486,393

#### Net cash consists of

Cash	9,390,962	10,464,735
Short-term investments	21,794	21,658
	<u>9,412,756</u>	<u>10,486,393</u>

## Notes to Financial Statements

December 31, 2020

### 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.

#### Government assistance

Government assistance related to the acquisition of capital assets are recorded as deferred capital contributions and amortized on the same basis as the related capital assets are amortized.

Government assistance relating to expenses are recorded as revenue in the period in which the related expenses are incurred.

#### 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.

### 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 receivable, and the estimated useful life of capital assets. Actual results could differ from those estimates.

Since January 31, 2020, the outbreak of COVID-19 (coronavirus) has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown, and global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the outcome of government and central bank interventions.

In management's estimation, these events have not had a material unrecorded impact on the carrying value of assets and liabilities reported in these financial statements as at December 31, 2020. The duration and impact of the COVID-19 pandemic remains unclear at this time. Therefore, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Charlottetown Airport Authority Inc. for future periods.



### Financial instruments

#### (a) Measurement of financial instruments

Charlottetown Airport Authority Inc.'s financial instruments consist of cash, short-term investments, accounts 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 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 expenses 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 expenses 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 receivable. The Authority mitigates this risk by performing continuous evaluation of its accounts receivable.

**ii) Liquidity risk:** The Authority's exposure to liquidity risk is dependent on the collection of accounts 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

	2020 \$	2019 \$
Cash - investment account	21,794	21,658

### 4 Accounts receivable

	2020 \$	2019 \$
Trade	115,298	392,488
Government assistance	93,780	-
	209,078	392,488

### 5 Capital assets

	2020		2019	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	217,868	-	217,868	217,868
Mobile equipment	5,523,829	3,969,068	1,554,761	1,822,662
Equipment and furniture	1,798,598	1,334,168	464,430	511,631
Business park	2,213,678	1,170,694	1,042,984	1,177,606
Leasehold improvements	51,390,984	18,752,947	32,638,037	34,871,951
	61,144,957	25,226,877	35,918,080	38,601,718

### 6 Deferred capital contributions

	2020		2019	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Mobile equipment	1,219,089	1,107,159	111,930	130,443
Equipment and furniture	156,514	127,383	29,131	37,801
Business Park	535,784	267,937	267,847	281,241
Leasehold improvements	16,241,685	5,708,881	10,532,804	11,154,204
	18,153,072	7,211,360	10,941,712	11,603,689

### 7 Accounts payable and accrued liabilities

	2020 \$	2019 \$
Trade and accruals	454,077	752,230
HST payable (receivable)	(7,925)	17,602
	446,152	769,832

### 8 Commitments and contingencies

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.

### 9 Net assets internally restricted for future requirements

Effective December 31, 2020, the Board authorized the transfer of nil (2019 - \$4,500,000) 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.

Effective December 31, 2020, the Board authorized the transfer of \$460,100 (2019 - nil) from internally restricted net assets to unrestricted net assets.

### 10 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 \$489,255 for the year ended December 31, 2020 (2019 - \$488,398) is included as revenue in these financial statements.

### 11 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.

## 12 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 \$58,700 and 7.5% of earnings above \$58,700. 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 \$97,983 in 2020 (2019 - \$93,158), and is included in salaries and benefits in the Statement of Operations.

Valuation information on the Superannuation Plan for the year ended December 31, 2020 is provided by the Plan’s actuary, Baartman Melinte Actuarial Consulting Services, based on data as at January 1, 2020 and extrapolated to December 31, 2020.

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

	2020	2019
Economic assumptions:		
Discount rate	4.50% per year	4.50% per year
Inflation rate	2.00% per year	2.00% per year
Increase in pensionable earnings	2.50% per year	2.50% per year
Increases in year’s maximum pensionable earnings (“YMPE”)	2.50% per year	2.50% per year
Increases in maximum pension limit	in accordance with Income Tax Act, then	in accordance with Income Tax Act, then
	2.50% per year	2.50% per year
Interest on member contributions	4.50% per year	4.50% per year

Significant demographic assumptions include using the CPM2014 Combined Mortality Table with projection scale CPM-B in both 2020 and 2019, as well as assumptions on life expectancy, retirement and termination rates, and proportion married.

### Valuation allowance:

A valuation allowance is recognized to limit a defined benefit asset recognized on the balance sheet for any excess of the plan surplus over the expected future benefit the Airport expects to realize from the plan surplus. The valuation allowance for 2020 was calculated as the difference between the plan’s defined benefit asset and a limit based on the “expected future benefit” projected to be available to the Airport, including:

- The present value of potential future contribution holidays as related to employer current service costs (including the non-investment expense component of the employer current service cost, plus;
- The present value of potential future contribution holidays as related to employer contributions for the defined contribution component of the plan (if any), minus;
- An offset for any future solvency amortization payments.

### Pension remeasurements and other items:

Remeasurements and other items comprise the aggregate of:

- The difference between the actual return on plan assets and interest on those assets calculated using the discount rate;
- Actuarial gains and losses;
- The effect of any valuation allowance;
- Past service costs; and
- Gains and losses arising from settlements and curtailments.

Remeasurements and other items are recognized directly in net assets in the statement of the financial position rather than in the statement of operations. As such, these amounts have been excluded from the defined benefit cost.

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

**Superannuation Plan - Actuarial valuation information**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<u>Fair value of plan assets -</u>		
Balance - beginning of year	1,654,000	1,536,000
Return on plan assets	181,000	180,000
Charlottetown Airport Authority Inc. contributions	-	1,000
Employee contributions	1,000	1,000
Benefits paid	(48,000)	(47,000)
Administrative expenses	(17,000)	(17,000)
Balance - end of year	<u>1,771,000</u>	<u>1,654,000</u>
<u>Defined Benefit Obligations</u>		
Liability - beginning of year	1,069,000	1,105,000
Employee contributions	1,000	1,000
Interest on defined benefit obligations	47,000	49,000
Benefits paid	(48,000)	(47,000)
Actuarial gains	(14,000)	(39,000)
Balance - end of year	<u>1,055,000</u>	<u>1,069,000</u>
<u>Defined Benefit Asset (Liability)</u>		
Fair value of the plan assets	1,771,000	1,654,000
Defined benefit obligation	(1,055,000)	(1,069,000)
Funded Surplus	716,000	585,000
Valuation allowance	-	-
Defined Benefit Asset - end of year	<u>716,000</u>	<u>585,000</u>
<u>Continuity of Defined Benefit Asset (Liability)</u>		
Defined Benefit Asset - beginning of year	585,000	431,000
Defined benefit (cost) income		
Finance income (cost)	26,000	19,000
Provision for non-investment expenses	(17,000)	(17,000)
	<u>9,000</u>	<u>2,000</u>
Pension remeasurements and other items		
Net return on plan assets less interest	108,000	112,000
Actuarial gains (losses)	14,000	39,000
	<u>122,000</u>	<u>151,000</u>
Charlottetown Airport Authority Inc. contributions	-	1,000
Defined Benefit Asset - end of year	<u>716,000</u>	<u>585,000</u>





**Charlottetown Airport Authority**  
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