FINANCIAL REPORT

2019

YYC CALGARY AIRPORT AUTHORITY

CONTENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of The Calgary Airport Authority (the "Authority") is responsible for the preparation and fair presentation, in accordance with Canadian Accounting Standards for Private Enterprises, of the financial statements. The financial statements and notes include all disclosures necessary for a fair presentation of the financial position, results of operations and cash flows of the Authority in accordance with Canadian Accounting Standards for Private Enterprises, and disclosure otherwise required by the laws and regulations to which the Authority is subject.

The Authority's management maintains appropriate accounting and internal control systems, policies and procedures which provide management with reasonable assurance that assets are safeguarded and that financial records are reliable and form a proper basis for the preparation of the financial statements. These financial statements also include amounts that are based on estimates and judgements, which reflect currently available information.

The financial statements have been audited by PricewaterhouseCoopers LLP, an independent firm of chartered professional accountants, who were appointed by the Board of Directors.

The Audit and Finance Committee of the Board of Directors is composed of six directors who are not employees of the Authority. The Committee meets periodically with management and the independent external auditors to review any significant accounting, internal control and auditing matters. The Audit and Finance Committee also reviews and recommends the annual financial statements of the Authority together with the independent auditor's report to the Board of Directors which approves the financial statements.

ROBERT (BOB) SARTOR
President &
Chief Executive Officer

ROBERT J. PALMER
Vice President, Finance,
Strategy & Chief Financial Officer

March 4, 2020
Calgary, Alberta

Independent auditor's report

To the Board of Directors of The Calgary Airport Authority

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Calgary Airport Authority (the Authority) as at December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with Canadian Accounting Standards for Private Enterprises (ASPE).

What we have audited
The Authority's financial statements comprise:

- the balance sheets as at December 31, 2019 and 2018;
- the statements of operations and net assets for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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 ASPE, 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.

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In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
March 4, 2020

BALANCE SHEET

At December 31, thousands of Canadian dollars

	NOTE	2019	2018 *(Restated*)*
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		$ 46,850	$ 34,581
Accounts receivable	5	28,884	28,748
Inventory	6	5,649	5,613
Prepaid expenses		5,592	3,730
		86,975	72,672
LONG-TERM RECEIVABLES		1,698	819
CAPITAL AND INTANGIBLE ASSETS	7	3,274,533	3,366,904
PENSION ASSET	13	35,462	23,614
		$ 3,398,668	**$ 3,464,009**
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		$ 36,046	$ 43,978
Interest payable on long-term debt	10	19,580	19,233
Deferred revenue		569	1,371
Other liabilities	8	2,644	1,792
Current portion of long-term debt	10	25,000	–
		83,839	66,374
OTHER LONG-TERM LIABILITIES	8	2,740	2,554
PENSION LIABILITY	13	16,677	15,093
LONG-TERM DEBT	10	2,890,901	2,915,901
		2,994,157	2,999,922
NET ASSETS		404,511	464,087
		$ 3,398,668	**$ 3,464,009**

See accompanying notes to financial statements.

** See Note 4 for details regarding restatement of comparative balances.*

Approved on behalf of the Board:

Michael Casey
Chair

Don Cormack
Director

STATEMENT OF OPERATIONS AND NET ASSETS

For the years ended December 31, thousands of Canadian dollars

	NOTE		2019		2018 *(Restated*)*
REVENUE					
Airport improvement fees	11	$	163,344	$	163,880
Non-aeronautical revenues					
Concessions			72,409		67,159
Car parking			41,700		43,694
Land rental			20,986		20,357
Terminal space rental			8,356		6,973
Interest income			779		523
Other revenue			1,799		206
			146,029		138,912
Aeronautical revenues					
General terminal fees			48,128		48,443
Aircraft landing fees			49,759		47,208
Other aeronautical fees			24,703		22,441
			122,590		118,092
			431,963		420,884
EXPENSES					
Goods and services			121,511		114,420
Canada Lease	12		43,778		42,466
Salaries and benefits			39,390		33,170
Property taxes			17,910		16,902
Airport improvement fee handling fees	11		6,492		6,509
			229,081		213,467
INCOME BEFORE DEPRECIATION, AMORTIZATION, AND INTEREST			202,882		207,417
Depreciation and amortization	7		168,846		202,610
Interest	17		102,899		99,851
LOSS FROM OPERATIONS			(68,863)		(95,044)
OTHER INCOME (LOSS)					
Post-employment pension benefits	13		9,287		(2,845)
NET LOSS			(59,576)		(97,889)
NET ASSETS, BEGINNING OF YEAR			464,087		561,976
NET ASSETS, END OF YEAR		**$**	**404,511**	**$**	**464,087**

See accompanying notes to financial statements.

** See Note 4 for details regarding restatement of comparative balances.*

STATEMENT OF CASH FLOWS

For the years ended December 31, thousands of Canadian dollars

	NOTE	2019	2018 *(Restated*)*
OPERATING			
Net loss		$ (59,576)	$ (97,889)
Employer future benefit contributions	13	(2,180)	(2,099)
Adjustments:			
Depreciation and amortization	7	168,846	202,610
Loss on disposals of inventory and capital assets		89	25
Penalty paid on prepayment of long term debt	17	4,885	–
Post-employment pension benefits	13	(8,084)	4,176
		103,980	106,823
Change in non-cash working capital:			
Accounts receivable		(1,015)	9,913
Inventory		(36)	612
Prepaid expenses		(1,862)	(356)
Accounts payable and accrued liabilities		(6,610)	(1,982)
Interest payable on long-term debt		347	–
Other liabilities		1,038	(52)
Deferred revenue		(802)	142
		(8,940)	8,277
Cash provided by operating activities		95,040	115,100
FINANCING			
Prepayment of long-term debt		(70,000)	–
Penalty paid on prepayment of long-term debt	17	(4,885)	–
Proceeds from new long-term debt		70,000	–
Cash used in financing activities		(4,885)	–
INVESTING			
Investment in capital and intangible assets		(76,577)	(88,417)
Proceeds from disposals		13	105
Change in accounts payable and accrued liabilities related to capital and intangible assets		(1,322)	(11,645)
Cash used in investing activities		(77,886)	(99,957)
INCREASE IN CASH AND CASH EQUIVALENTS		**12,269**	**15,143**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**34,581**	**19,438**
CASH AND CASH EQUIVALENTS, END OF YEAR		**$ 46,850**	**$ 34,581**
Cash and cash equivalents consist of:			
Cash in bank		$ 6,298	$ 4,138
Short-term investments		40,552	30,443
		$ 46,850	**$ 34,581**

See accompanying notes to financial statements

** See Note 4 for details regarding restatement of comparative balances.*

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(thousands of Canadian dollars, except percentages)

1 DESCRIPTION OF BUSINESS

The Calgary Airport Authority (the "Authority") was incorporated in July 1990 under the Regional Airports Authorities Act (Alberta) (the "Act") as a non-share capital corporation. The mandate of the Authority, as defined in the Act, is to manage and operate the airports for which it is responsible in a safe, secure and efficient manner and to advance economic and community development by means that include promoting and encouraging improved airline and transportation service and an expanded aviation industry; for the general benefit of the public in its region.

The Authority has been operating YYC Calgary International Airport since July 1992 pursuant to the Agreement to Transfer which provided for the transfer of operational control of YYC Calgary International Airport from the Government of Canada to the Authority under a long term lease agreement (the "Canada Lease"). The Canada Lease has an initial term of 60 years with a 20-year option that was exercised in 2011. In October 1997, the Authority entered into a lease with the Government of Canada for the operation of Springbank Airport (the "Springbank Lease") for a term concurrent with the Canada Lease term.

Pursuant to the Act, the Authority reinvests all profit in the capital renovation and expansion requirements of the airports for which it is responsible. The Authority is authorized to borrow for investment in airport infrastructure and operations detailed in Note 9 and 10. Capital includes investment in both leasehold and freehold assets of the Authority, as detailed in Note 7. Renovation requirements are determined through life-cycle management processes and physical asset inspections, while expansion requirements are determined in reference to airport capacity and demand. Capital requirements are generally determined on an annual basis in conjunction with the Authority's Business Plan, although larger projects may involve financial commitments that extend beyond one year. The Authority conducts an annual re-evaluation of projected economic conditions and facility demand factors.

At December 31, 2019, the Authority was in compliance with all externally imposed requirements regarding the management of capital. Failure to comply with these requirements could potentially result in the Authority being deemed non-compliant with the terms of the Canada Lease, the Airport Improvement Fee Agreement (Note 11), the Credit Facility (Note 9), and the Credit Agreement (Note 10).

2 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF MEASUREMENT AND PRESENTATION

These financial statements have been prepared in accordance with Canadian Accounting Standards for Private Enterprises ("ASPE"), which sets out generally accepted accounting principles ("GAAP"). The financial statements have been prepared on a going-concern basis using historical cost, except for the revaluation of certain financial assets and liabilities measured at fair value.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and short term investments that are highly liquid in nature and have maturity dates of up to three months.

INVENTORY

Inventory consists of consumable parts and supplies held for use by the Authority. Inventory is stated at the lower of cost and net realizable value. Cost is determined using the weighted-average cost method. Net realizable value is determined as being the estimated replacement cost.

LEASES

The Canada Lease and Springbank Lease are accounted for as operating leases.

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(thousands of Canadian dollars, except percentages)

CAPITAL AND INTANGIBLE ASSETS

Capital assets are recorded at cost less accumulated depreciation. Cost includes all expenditures that are directly attributable to the acquisition or construction of an asset which are required to bring the asset into service.

Depreciation is recognized over the estimated useful life using the following rates:

Vehicles	18-30%	declining balance
Computer equipment	3 years	straight-line
Intangibles – computer software	3 years	straight-line
Furniture & fixtures	15 years	straight-line
Machinery & equipment	10-30 years	straight-line
Buildings & structures	10-53 years	straight-line

The various components of the Buildings & structures class include air terminal buildings, other buildings and structures, roadways, and airfield surfaces. These structural assets are depreciated based on the estimated economic useful life of the component asset, limited to the term of the Canada Lease, as ownership of all Authority assets will revert to the Government of Canada upon the expiration of the Canada Lease.

The Authority has purchased land for operational purposes and future development. The Canada Lease requires that the land be transferred to the Government of Canada at commencement of development, at which time the Authority reclassifies the land to leased land and commences depreciation on a straight-line basis over the remaining full fiscal years of the Canada Lease.

Construction work in progress is capitalized at cost. Costs are transferred to the appropriate capital asset account, and depreciation commences when the project is substantially complete and the assets become operational.

BORROWING COSTS

Borrowing costs incurred from the long-term debt utilized for the construction of capital assets are added to the cost of those assets during the period of time that is necessary to complete and prepare the asset for its intended use. All other borrowing costs are recorded as interest expense on the Statement of Operations and Net Assets.

EMPLOYEE FUTURE BENEFITS

The Authority has a retirement pension plan for all permanent and term employees. New permanent employees are members of the plan upon hire. Term employees become members of the pension plan after completion of 24 months of continuous service. The retirement pension plan has both defined benefit and defined contribution components. The defined benefit plan was closed to new employees effective August 1, 2013. The Authority does not provide any non-pension post-retirement benefits. Actuarial valuations for post-employment pension benefit plans are calculated annually by accredited actuaries using the projected benefits method. The related post-employment pension benefit asset/liability recognized in the Balance Sheet is the present value of the post-employment pension benefit obligation at the Balance Sheet date less the fair value of plan assets, if any. The present value of the post-employment benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that have terms to maturity approximating the terms of the related pension liability for the non-registered plan and going concern discount rate for the registered plan that have terms to maturity approximating the terms of the related pension liability. Actuarial gains and losses are recognized in full in the period in which they occur, in net income. Current service costs are included in salaries and benefits on the Statement of Operations and Net Assets. Past service costs are recognized immediately to the extent the benefits are vested. For funded plans, surpluses are recognized only to the extent that the surplus is considered recoverable. Recoverability is primarily based on the extent to which the Authority can unilaterally reduce future contributions to the plan. The change in the long-term pension benefit obligation in the year is recognized in the Statement of Operations and Net Assets.

DEFERRED REVENUE

Deferred revenue consists primarily of land leasing, space rental and aeronautical fee revenue received in advance of land or facilities being utilized.

REVENUE RECOGNITION

Aircraft landing fees, general terminal fees, other aeronautical fees and car parking revenues are recognized as the airport facilities are utilized. The Airport Improvement Fee ("AIF") revenue is recognized when originating departing passengers board their aircraft as reported by the airlines. Concession revenues are earned on a monthly basis and based on a percentage of sales or specified minimum rent guarantees from concessionaires, or it can be earned based on a combination of monthly contract payments and utilization fees. Rental income from land and terminal space are recognized monthly over the duration of the respective agreements. Other revenue is recognized when earned or services rendered.

FINANCIAL INSTRUMENTS

Financial assets, including cash and cash equivalents, accounts receivable and long-term receivables are initially measured at fair value and subsequently carried at amortized cost.

Financial liabilities, including accounts payable and accrued liabilities, interest payable, other liabilities, operating line of credit and long-term debt are initially measured at fair value and subsequently carried at amortized cost.

Financial assets and liabilities are classified as current if payments are due within 12 months. Otherwise, they are presented as non-current in the Balance Sheet.

FAIR VALUE

The fair value of the Authority's financial instruments, other than its long-term debt, approximates its carrying value due to their short-term nature.

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Canadian dollars, which is the Authority's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the Authority's functional currency are recognized in the Statement of Operations and Net Assets.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and commitments and contingencies at the date of the financial statements and the reported amounts of revenues, expenses and other income (loss) during the reporting period. Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Significant areas requiring the use of management estimates relate to the determination of accrued revenue, accrued liabilities, allowance for doubtful accounts, useful lives for depreciation of capital assets, and assumptions with respect to employee future benefit plans. Actual results could differ from these estimates.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURE

The Authority continues to evaluate the impact of new and revised standards and interpretations. The Authority's existing accounting standards are up-to-date and did not adapt any new standards during the year. New standards and interpretations that have been issued are concluded to be not applicable or not expected to have a significant impact on the financial statements.

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(thousands of Canadian dollars, except percentages)

3 REVISION OF USEFUL LIVES OF CAPITAL AND INTANGIBLE ASSETS

During the year, the Authority performed a detailed review of the estimated useful lives of all its capital and intangible assets. Consistent with ASPE guidance, the changes in estimated useful lives are recorded on a prospective basis. However, this review highlighted that the useful lives of certain assets were incorrectly determined when these assets were initially acquired or constructed. Consistent with ASPE guidance, the Authority has restated the comparative figures on a retrospective basis for these assets (Note 4). The net effect of the changes to useful lives on 2019 depreciation expense is a decrease in depreciation and amortization expense of $64,923 as compared to what the expense would have been without the change in useful lives. Approximately $44,687 of the change relates to the impact of the retrospective adjustment to useful lives for certain assets (Note 4) on current year depreciation and $20,236 relates to the impact on depreciation expense for changes in useful lives on other assets that were treated prospectively.

4 CORRECTION OF ERROR IN ACCOUNTING FOR DEPRECIATION

The capital and intangible assets estimated useful lives review highlighted that the useful lives of certain assets were incorrectly determined when these assets were initially acquired or constructed. Consequently, the Authority has restated the prior year comparative financial statements to record a net decrease in Depreciation and Amortization on these assets as the net estimated useful lives are longer than what was originally used. The cumulative effect of the difference on periods prior to January 1, 2018, has been recorded as an adjustment to opening net assets.

The error has been corrected by restating each of the affected financial statement line items for the prior period as follows:

		PREVIOUSLY REPORTED		ADJUSTMENT		REVISED
BALANCE SHEET:						
Capital and Intangible Assets	$	3,135,459	$	231,445	$	3,366,904
Net Assets		232,642		231,445		464,087
STATEMENT OF OPERATIONS & NET ASSET:						
Depreciation and Amortization	$	249,363	$	(46,753)	$	202,610
Net Loss		(144,642)		46,753		(97,889)

The restatement had no impact on the total operating, investing or financing cash flows presented in the Authority's Statement of Cash Flows.

5 ACCOUNTS RECEIVABLE

Accounts receivable are reported net of any allowance for doubtful accounts. The allowance for 2019 is $392 (2018 – $292). Bad debt expense of $649 (2018 – $469 recovery) has been included in goods and services expenses on the Statement of Operations and Net Assets.

6 INVENTORY

At December 31, 2019, all inventories are carried at weighted average cost. During the year, $5,362 (2018 – $5,274) was recognized as goods and services expenses, of which $335 (2018 – $464) was written off due to obsolescence.

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(thousands of Canadian dollars, except percentages)

7 CAPITAL AND INTANGIBLE ASSETS

	CAPITAL								INTANGIBLE	2018
	LAND	LEASED LAND	AIR TERMINAL BUILDINGS & STRUCTURES	COMPUTER EQUIPMENT	VEHICLES	MACHINERY & EQUIPMENT	FURNITURE & FIXTURES	CONSTRUCTION IN PROGRESS	COMPUTER SOFTWARE	TOTAL
COST:										
Beginning Balance	$ 3,303	$ 24,513	$ 4,184,057	$ 62,484	$ 41,693	$ 75,011	$ 24,446	$ 122,881	$ 68,310	$ 4,606,698
Additions	–	–	1,370	431	12	866	57	85,681	–	$ 88,417
Transfers	2,506	–	21,452	1,350	38	2,250	718	(31,451)	3,137	$ –
Disposals and write-offs	–	–	–	(774)	–	(373)	(67)	–	–	$ (1,214)
Ending Balance	5,809	24,513	4,206,879	63,491	41,743	77,754	25,154	177,111	71,447	4,693,901
DEPRECIATION & AMORTIZATION										
Beginning Balance	–	3,615	1,159,808	44,653	26,430	25,163	9,113	–	41,380	1,310,162
Adjustment	–		(184,692)	–	–	–	–	–	–	(184,692)
Beginning Balance (restated*)	–	3,615	975,116	44,653	26,430	25,163	9,113	–	41,380	1,125,470
Depreciation & Amort. (restated*)	–	419	164,453	11,090	3,146	7,054	1,194	–	15,254	202,610
Disposals and write-offs	–	–	–	(772)	–	(252)	(59)	–	–	(1,083)
Ending Balance (restated*)	–	4,034	1,139,569	54,971	29,576	31,965	10,248	–	56,634	1,326,997
NET CARRYING VALUE (RESTATED*)	$ 5,809	$ 20,479	$ 3,067,310	$ 8,520	$ 12,167	$ 45,789	$ 14,906	$ 177,111	$ 14,813	**$ 3,366,904**

	CAPITAL								INTANGIBLE	2019
	LAND	LEASED LAND	AIR TERMINAL BUILDINGS & STRUCTURES	COMPUTER EQUIPMENT	VEHICLES	MACHINERY & EQUIPMENT	FURNITURE & FIXTURES	CONSTRUCTION IN PROGRESS	COMPUTER SOFTWARE	TOTAL
COST:										
Beginning Balance	$ 5,809	$ 24,513	$ 4,206,879	$ 63,491	$ 41,743	$ 77,754	$ 25,154	$ 177,111	$ 71,447	$ 4,693,901
Additions	–	–	345	1,493	101	670	22	73,291	655	76,577
Transfers	–	–	140,762	172	64	92,136	254	(235,607)	2,219	–
Disposals and write-offs	–	–	(24)	(196)	–	(812)	(36)	–	–	(1,068)
Ending Balance	5,809	24,513	4,347,962	64,960	41,908	169,748	25,394	14,795	74,321	4,769,410
DEPRECIATION & AMORTIZATION										
Beginning Balance	–	4,034	1,139,569	54,971	29,576	31,965	10,248	–	56,634	1,326,997
Depreciation & Amort.	–	450	138,494	8,339	2,467	6,222	676	–	12,198	168,846
Disposals and write-offs	–	–	(15)	(187)	–	(736)	(28)	–	–	(966)
Ending Balance	–	4,484	1,278,048	63,123	32,043	37,451	10,896	–	68,832	1,494,877
NET CARRYING VALUE	$ 5,809	$ 20,029	$ 3,069,914	$ 1,837	$ 9,865	$ 132,297	$ 14,498	$ 14,795	$ 5,489	**$ 3,274,533**

** See Note 4 for details regarding restatement of comparative balances.*

Construction in progress balance consists of costs capitalized for both airside and groundside facility improvement projects currently underway.

Interest capitalized in construction in progress in respect to borrowings for infrastructure expansion under the long-term debt facility was $3,065 (2018 – $2,473).

(thousands of Canadian dollars, except percentages)

8 OTHER LIABILITIES

Included in other liabilities are cash security deposits which are received from tenants and new airline operators to provide the Authority with security on the associated potential accounts receivable. There is also an amount outstanding for retiring allowance deferred by employees until retirement. The Authority does not have any further obligation to accrue a retiring allowance for employees. Other long-term liabilities also include an amount for long-term incentive plan for certain employees.

		2019		2018
CURRENT				
Security deposits	$	2,023	$	1,717
Long-term incentive plan		546		–
Retiring allowance		75		75
	$	2,644	$	1,792
NON-CURRENT				
Security deposits	$	2,343	$	1,790
Long-term incentive plan		397		764
	$	2,740	$	2,554
	$	**5,384**	**$**	**4,346**

9 CREDIT FACILITY

The Authority has a Letter of Credit Facility ("L/C Facility") with the Toronto-Dominion Bank to a maximum of $55,000 for issuance of Letters of Credit in respect to requirements under the Credit Agreement to secure to Alberta Capital Finance Authority ("ACFA"), in respect of each calendar year, an amount equal to 50% of the Authority's outstanding debt balance on November 30 immediate prior to such calendar year multiplied by the ACFA's 10-year lending rate in effect as of such date. The L/C Facility is secured such that it ranks equal with the Credit Agreement. At December 31, 2019, letters of credit issued were $45,007 (2018 – $36,382), this amount was decreased to $33,781 subsequent to the year-end.

The Authority has an available $100,000 (2018 – $45,000) operating line of credit (the "Operating Facility") with the option to increase to $200,000, subject to the satisfaction of certain conditions. The Operating Facility bearing interest at the bank's prime lending rate plus applicable pricing margin, is secured and repayment terms are committed. The cash amount drawn on the line of credit in 2019 was $nil (2018 – $nil). A portion of this Operating Facility was used to issue letters of credit totalling $14,338 (2018 – $13,008) for specific operational expenses and capital projects.

(thousands of Canadian dollars, except percentages)

10 LONG-TERM DEBT

The Authority's Credit Agreement with ACFA was amended in December 2014 and has a maximum credit commitment of $2.99 billion, with fixed interest rates, to finance the construction and acquisition of Authority infrastructure. Borrowings under the Credit Agreement are secured by assignment of leases and rents as well as a letter of credit to secure 50% of the annual interest payable to ACFA (Note 9).

Debentures issued and outstanding under the Credit Agreement are:

			2019	2018
SERIES	**INTEREST RATE**	**DUE DATE**	**DEBENTURE AMOUNT ($)**	**DEBENTURE AMOUNT ($)**
2005-13	4.9590%	April 6, 2020	25,000	25,000
2016-43	1.4450%	June 15, 2021	50,000	50,000
2002-09	6.0625%	December 15, 2022	–	70,000
2004-10	5.1245%	December 1, 2023	20,000	20,000
2010-15	4.6790%	February 16, 2025	25,000	25,000
2010-16	4.6640%	March 15, 2025	30,000	30,000
2015-40	2.2678%	June 15, 2025	100,000	100,000
2016-42	2.3760%	March 15, 2026	50,000	50,000
2016-44	2.2250%	September 15, 2026	50,000	50,000
2007-14	4.7950%	February 14, 2027	50,000	50,000
2012-30	3.1340%	December 17, 2027	109,000	109,000
2013-31	3.2580%	March 15, 2028	89,000	89,000
2013-32	3.4090%	June 17, 2028	98,000	98,000
2014-36	3.5130%	June 17, 2029	200,000	200,000
2014-37	3.2930%	September 15, 2029	100,000	100,000
2014-38	3.1550%	December 15, 2029	150,000	150,000
2015-39	2.7900%	March 15, 2030	125,000	125,000
2015-41	2.9800%	September 14, 2030	150,000	150,000
2011-19	4.5440%	March 15, 2031	13,000	13,000
2011-20	4.2760%	June 15, 2031	25,000	25,000
2011-21	3.7575%	August 11, 2031	100,000	100,000
2011-22	3.8080%	September 19, 2031	100,000	100,000
2011-23	3.5590%	December 15, 2031	75,000	75,000
2012-24	3.4750%	February 15, 2032	50,000	50,000
2012-25	3.4670%	March 15, 2032	137,000	137,000
2012-26	3.4140%	April 2, 2032	25,000	25,000
2012-27	3.4200%	June 29, 2032	200,000	200,000
2012-28	3.4005%	September 17, 2032	86,000	86,000
2012-29	3.2460%	October 4, 2032	75,000	75,000
2013-33	4.2580%	September 15, 2033	113,000	113,000
2013-34	4.0590%	November 30, 2033	107,901	107,901
2014-35	3.8550%	March 17, 2034	83,000	83,000
2016-45	3.4899%	December 15, 2036	60,000	60,000
2017-46	3.6430%	February 15, 2042	100,000	100,000
2017-47	3.5180%	April 3, 2042	50,000	50,000
2017-48	3.1530%	December 15, 2047	25,000	25,000
2019-49	2.5622%	September 16, 2049	70,000	–
			$ 2,915,901	**$ 2,915,901**

(thousands of Canadian dollars, except percentages)

The future long-term debt principal retirement dates are:

2020	$	25,000
2021		50,000
2023		20,000
2025		155,000
2026		100,000
THEREAFTER		2,565,901
	$	**2,915,901**

The ACFA debentures issued and outstanding prior to December 31, 2003, (series 2002) require annual interest payments on the anniversary date of issue, while all debentures issued subsequent to December 31, 2003, require semi-annual interest payments. Throughout the period when any debentures are outstanding, the Authority is required to maintain an interest coverage ratio, as defined, of not less than 1.25:1 and net cash flow greater than zero, as determined as of the end of any fiscal quarter on a rolling four fiscal quarter basis. The coverage ratio at December 31, 2019 was 1.86:1 (2018 – 1.96:1). Throughout 2019 and at December 31, 2019, the Authority was in compliance with the coverage ratio and positive cash flow covenants.

11 AIRPORT IMPROVEMENT FEES

Revenue from the AIF is collected from passengers by air carriers pursuant to an agreement (the "AIF Agreement") between various airports in Canada, participating air carriers serving these airports, and the Air Transport Association of Canada. Pursuant to the AIF Agreement, AIF is collected by the signatory air carriers from passengers on behalf of the Authority and remitted to the Authority net of a handling fee of 4% (2018 – 4%). AIF revenue net of the handling fee is used to fund the costs of new airport infrastructure and costs of major improvements to existing facilities at Calgary International and Springbank Airports, as well as related financing costs, and debt repayment. The Authority records the AIF revenue and the handling fee on a gross basis in the Statement of Operations and Net Assets. The AIF in 2019 was $30.00 (2018 – $30.00) for each originating passenger departing YYC Calgary International Airport.

12 OPERATING LEASES

The Authority pays an annual lease rental payment based on a sliding scale percentage, to a maximum of 12%, of gross revenue to Transport Canada pursuant to the Canada Lease. The effective rate for 2019 was 10% (2018 – 10%).

The projected lease payments under the Canada Lease for the next five years are estimated as follows:

2020	$	45,399
2021		48,226
2022		50,450
2023		53,085
2024		55,645

The Authority is committed to payments under operating leases for vehicles and equipment for the next two years amounting to:

2020	$	343
2021		101

13 EMPLOYEE FUTURE BENEFITS

The Authority sponsors a registered pension plan (the "Plan") for its employees that has both defined benefit and defined contribution components. The defined benefit plan was closed to new employees effective August 1, 2013. For certain individuals whose benefits are limited under the Plan, that portion that is in excess of the maximum benefits permitted under the Plan by the Canada Revenue Agency is payable out of the Authority's revenue and charged to a notional pension expense. Pensions payable from the defined benefit components are generally based on a member's average annual earnings near retirement and indexed annually to 100% of the Canadian Consumer Price Index. The Authority accrues its obligations and related costs under the Plan, net of Plan assets.

The Authority has adopted various policies in respect to the Plan.

a) The cost of pensions under the defined benefit component earned by employees is actuarially determined using a funding valuation for the Registered Plan and an accounting valuation for the Non-Registered Plans which uses the projected benefit method and assumptions for the discount rate, salary escalation and retirement ages of employees.

b) The pension cost for the defined contribution component is equal to the contributions made by the Authority to the Plan during the year.

c) Plan assets are valued at fair value.

d) At December 31, 2019, the assets for the defined benefit component were invested in various pooled funds managed by Fidelity Institutional Asset Management, BlackRock Asset Management and certain TD Asset Management index funds.

e) The Authority defined benefit obligation is actuarially determined. Gains and losses arise because of changes in assumptions and from experience differing from what has been assumed. These gains and losses are recognized immediately in the Statement of Operations and Net Assets.

f) Differences in the actual return on Plan assets and the return using the discount rate are recognized immediately in the Statement of Operations and Net Assets.

g) The last actuarial valuation for funding purposes of the Plan was prepared as at January 1, 2019. The next scheduled actuarial valuation of the Plan for funding purposes will be performed as at January 1, 2020.

h) The Authority uses a December 31 measurement date.

The Authority's net pension cost for 2019 amounted to a gain of $8,204 (2018 – $4,111 expense) for the defined benefit component and expense of $1,413 (2018 – $922) for the defined contribution component, and the pension expense in respect of the notional account is $120 (2018 – $65). Remeasurement costs for 2019 amounted to a return of $8,649 (2018 – $3,840). In 2019, $2,616 (2018 – $2,253) of the cost has been recognized in salaries and benefits.

(thousands of Canadian dollars, except percentages)

The following table provides information concerning the components of the pension cost:

	2019	2018
Service cost	$ 1,083	$ 1,266
Finance (gain)	(638)	(995)
Difference between expected and actual return on assets	(11,742)	7,184
Actuarial loss (gain)	3,093	(3,344)
Defined benefit cost	(8,204)	4,111
Notional account benefit cost	120	65
Defined contribution benefit cost	1,413	922
TOTAL NET BENEFIT (GAIN) COST	**$ (6,671)**	**$ 5,098**

Based on an actuarial valuation dated January 1, 2019, and extrapolated to December 31, 2019, the status of the Authority's Plan is as outlined below.

	2019			2018		
	REGISTERED PLAN	NON-REGISTERED PLANS	TOTAL	REGISTERED PLAN	NON-REGISTERED PLANS	TOTAL
Defined benefit asset (liability), Beginning	$ 23,614	$ (15,093)	$ 8,521	$ 28,168	$ (17,570)	$ 10,598
Net benefit cost						
Defined benefit	10,574	(2,370)	8,204	(5,841)	1,730	(4,111)
Notional accounts	-	(120)	(120)	-	(65)	(65)
Company defined benefit contributions	1,274	906	2,180	1,287	812	2,099
Defined benefit asset (liability), Ending	$ 35,462	$ (16,677)	$ 18,785	$ 23,614	$ (15,093)	$ 8,521

	2019	2018
Market value of plan assets	$ 124,343	$ 106,796
Pension benefit obligations	(105,558)	(98,275)
Pension asset	$ 18,785	$ 8,521

Accrued pension benefit obligations as of December 31, 2019 includes $16,677 (2018 – $15,093), which will be funded from the Authority's general revenues rather than Plan assets. This pension obligation is pursuant to the Letter of Undertaking signed June 1992, which guaranteed that benefits earned after the Plan's effective date will not be less than the pension and indexing provisions under the Public Service Superannuation Act and the Supplementary Retirement Benefits Act (Minimum Guarantee) in respect of eligible Plan members at that date.

For certain individuals, this pension obligation also includes benefits in excess of the maximum benefits permitted under the Plan by the Canada Revenue Agency.

(thousands of Canadian dollars, except percentages)

The Authority's policy is to invest Plan assets primarily in a balanced or diversified manner in accordance with the Pension Benefits Standards Act, with set maximums and minimums in fixed income securities, Canadian equities, foreign equities and short-term investments.

The asset allocation of the defined benefit balanced fund at December 31 was:

	2019	2018
Fixed income securities	49%	50%
Canadian equities	15%	15%
Foreign equities	36%	35%

The significant actuarial assumptions adopted in measuring the Authority's pension benefit obligation are:

	2019		2018	
	REGISTERED PLAN	NON-REGISTERED PLAN	REGISTERED PLAN	NON-REGISTERED PLAN
Discount rate				
a) Year-end pension benefit obligation	5.20%	3.10%	5.20%	3.90%
b) Net benefit cost	5.20%	3.90%	5.20%	3.40%
Rate of salary increases	2.75%	2.75%	2.75%	2.75%
Pre/Post retirement indexing	2.00%	2.00%	2.00%	2.00%

Other information about the Authority's Plan:

	2019	2018
Employer contributions (defined benefit and notional accounts)	$ 2,160	$ 2,080
Employer contributions (money purchase provision)	1,413	922
Employee contributions (money purchase provision)	1,780	1,224
Benefits paid	5,645	5,912

The employer special contribution of $2,075 (2018 – $1,988) was the required annual payment in 2019 to fund the solvency deficiency as determined by the January 1, 2019 actuarial valuation, of which $2,075 (2018 – $1,988) was funded through a letter of credit.

14 FINANCIAL INSTRUMENTS

RISK MANAGEMENT

The Authority's Board of Directors ("the Board") is responsible for the oversight of the principal risks of the business in which the Authority is engaged, achieving a proper balance between risks incurred and the legislated purpose of the Authority and confirming that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of the Authority. The Board has established the Audit and Finance Committee, which reviews significant financial risks associated with future performance, growth and lost opportunities identified by management that could materially affect the Authority's ability to achieve its strategic and operational targets. The Board is also responsible for ensuring that management has effective policies and procedures to identify, assess and manage and mitigate such risks.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss to another party by not realizing its obligation. The Authority is subject to credit risk through its accounts receivable and long-term receivables, which consist primarily of aeronautical fees and AIFs owing from air carriers and concession fees owing from concession operators. The majority of concession fees owing are settled on a monthly basis, 15 days after the end of each month. The majority of aeronautical fees owing are billed every 7 days and settled 15 days thereafter. The majority of AIFs owing are settled on a monthly basis on the first day of each subsequent month. Accounts receivable credit risk is reduced by the Authority's requirement for letters of credit, customer credit evaluations, security deposits and maintaining an allowance for potential credit losses. The Authority's right under the Airport Transfer (Miscellaneous Matters) Act to seize and detain aircraft until outstanding aeronautical fees are paid mitigates the risk of credit losses. At December 31, 2019, the aging analysis of accounts receivable identified no significant impairments.

LIQUIDITY RISK

Liquidity risk is the risk that the Authority will encounter difficulties in meeting obligations of financial liabilities. The Authority maintains a strong liquidity position and sufficient financial resources to meet its financial obligations as they become due. The Authority manages its liquidity risk by maintaining adequate cash and credit facilities, by updating and reviewing multi-year cash flow projections on a regular and as-needed basis and by matching its long-term financing arrangements with its cash flow needs. The Authority achieves mitigation of liquidity risk through funds generated by operations and ready access to sufficient long-term funds as well as committed lines of credit through a credit facility. The Authority has a policy to invest its cash balances in short-term pooled money market funds whose underlying investment policy restricts these investments to federal and provincial government securities and in securities of larger, highly rated investment-grade Canadian institutions.

MARKET RISK

Market risk is the risk that changes in market price, such as foreign currency exchange and interest rates, will affect the Authority's income or the value of the financial instruments held. The Authority has no market risk other than the foreign currency risk and interest rate risk noted below.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that fluctuations in foreign exchange rate impact the financial obligations of the Authority. The Authority's functional currency is the Canadian dollar, major purchases and revenue receipts are transacted in Canadian dollars, and long term debts are in Canadian dollars. Management believes that foreign exchange risk from currency conversions is negligible.

INTEREST RATE RISK

Interest rate risk arises due to fluctuations in interest rates. The Authority is exposed to interest rate risk on its cash held in interest-bearing accounts and short-term investments. The cash in these accounts is highly liquid, and therefore the principal balances are protected regardless of changes in interest rate. The short-term investments carry a fixed rate during their term and therefore changes in the interest rate would not have a significant impact on the fair value due to the short-term nature of the investments.

The Authority has exposure to interest rate risk related to its operating line of credit (Note 9) which is maintained to provide liquidity while achieving a satisfactory return. All of the Authority's long-term debt (Note 10) has a fixed interest rate, therefore changes in interest rates do not have an impact on interest payments but may have impact on the fair value of the debt.

INDUSTRY RISK

Industry risk is related to any events that could occur within or to the air transportation industry that could negatively affect passenger demand at YYC Calgary International Airport and therefore the Authority's revenues. These risks, among others, include: population growth; unemployment rates; economic conditions; regulatory actions and legislative changes; air carrier stability; the ability and willingness of airlines to provide air service; the increase in the cost of air fares; labour disputes; the availability and cost of aviation fuel; insurance costs; environmental regulation; the operation of the air traffic control system; the use of telecommunications and alternate ground transportation options; health epidemics and related travel advisories, war; and terrorist attacks, the perceived threat of terrorist attacks and additional security measures put in place to guard against such attacks.

15 DIRECTORS' AND OFFICERS' REMUNERATION AND EXPENSES

In compliance with the Authority's governance practices and as required by the Regional Airports Authorities Act (Alberta) and the Canada Lease, the Authority outlines individually the Directors' and Officers' remuneration and in the aggregate their respective remuneration and expenses.

a) Authority Directors' Remuneration and Expenses

		ANNUAL RETAINER
Non-executive Authority Chair	$	80
Committee Chair		7
Director (excluding Authority Chair)		12

Board and Board Committee meeting fees are $1.25 per meeting.

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(thousands of Canadian dollars, except percentages)

Total remuneration and expenses during 2019 for each Director:

		COMPENSATION		EXPENSES		TOTAL
Casey, Michael F (Chair)	$	124.1	$	–	$	124.1
Allen, Terry L. *		13.1		–		13.1
Benke, Larry *		21.4		0.4		21.8
Blom, David		33.6		–		33.6
Charron, Randy **		9.8		0.3		10.1
Cormack, Don		40.6		–		40.6
Delkus, Kristine L. *		10.8		0.2		11.0
Fraser, Wendelin A.		39.6		–		39.6
Goertz, Andrea **		26.1		0.2		26.3
Heffernan, Matthew		45.5		–		45.5
Hotchkiss, Richard J.		40.4		0.1		40.5
Kennedy, Heather		44.6		–		44.6
King, Ken M.		23.6		–		23.6
MacEachern, Grant B.		39.9		–		39.9
Midwinter, James		31.2		0.3		31.5
Oldridge, Lisa **		9.6		–		9.6
Robertson, Andrea		31.0		–		31.0
Safran, Laura M. *		22.4		–		22.4
Scheibel, Phil **		21.4		0.2		21.6
Sigler, Murray		42.4		0.4		42.8
	$	**671.1**	**$**	**2.1**	**$**	**673.2**

** Term completed in 2019*
*** New appointment in 2019*

Total remuneration for the Board during 2019 was $673.2 (2018 – $658.4). Expenses incurred by the Directors during 2019 totalled $2.1 (2018 – $3.5).

(thousands of Canadian dollars, except percentages)

b) Authority Officers' Remuneration and Expenses

OFFICER POSITION		SALARY		OTHER CASH BENEFITS		TOTAL
President & CEO	$	455	$	160	$	615
VP Finance, Strategy & CFO		282		68		350
VP Infrastructure & CIO		271		60		331
VP People and Engagement		253		56		309
VP Operations		250		–		250
VP Risk & Compliance & Corporate Secretary*		127		–		127
	$	**1,638**	**$**	**344**	**$**	**1,982**

**Appointed in June 2019*

Total remuneration to Authority Officers during 2019 was $3,348 (2018 – $2,449), which includes remuneration and severance paid to retired VP Operations and former VP Marketing & Guest Experience departed in 2019. Expenses incurred by the Officers during 2019 totalled $530 (2018 – $587).

16 RELATED PARTY TRANSACTIONS

A number of non-executive key management personnel hold positions in other companies that result in them having the ability to exercise common control or common significant influence over these companies and the Authority. During the year, the following related party transactions occurred with individuals who are Board members of the Authority. These transactions were recorded at the exchange amount.

Mr. Richard Hotchkiss is the President and CEO of Sunwest Aviation Ltd. ("Sunwest"). Sunwest leases land from the Authority to provide hangar space and aviation charter services. Sunwest made payments to the Authority in respect to the land lease and aeronautical fees in 2019 of $1,169 (2018 – $1,222), which are included in revenue on the Statement of Operations and Net Assets. Included in accounts receivable in 2019 is an amount due from Sunwest of $13 (2018 – $16).

Mr. David Blom is the Executive Vice President, Finance of Carey Management Inc. ("Carey"). Carey leases land from the Authority for a building at YYC Calgary International Airport. In 2019 Carey paid $1,499 (2018 – $1,499) in lease payments which are included in revenue on the Statement of Operations and Net Assets. Included in accounts receivable in 2019 is an amount due from Carey of $nil (2018 – $nil).

Mr. Ken King is the Vice Chairman of The Calgary Flames ("Flames"). The Flames have a partnership with HMS Host to operate a Calgary Flames branded restaurant that opened at YYC Calgary International Airport in 2019.

(thousands of Canadian dollars, except percentages)

17 SUPPLEMENTARY INFORMATION

		2019		2018
A) CASH INTEREST PAID AND RECEIVED				
Interest paid	$	101,054	$	101,950
Penalty paid on prepayment of long term debt		4,885		–
Interest income received		779		523
B) INTEREST EXPENSE				
Interest on long-term debt	$	97,988	$	99,477
Penalty on prepayment of long term debt		4,885		–
Other interest expense		26		374
	$	**102,899**	**$**	**99,851**

18 COMMITMENTS AND CONTINGENCIES

The Authority is subject to legal proceedings and claims that arise in the ordinary course of business. While the final outcome with respect to these legal proceedings and claims cannot be predicted with certainty, management does not expect the outcome of any proceeding to have a material adverse effect on the financial position or results of operations of the Authority.

a) In June 2011, the Authority entered into a Tunnel Sublease and Licence (the "Tunnel Agreement") with the City of Calgary (the "City"). The Tunnel Agreement, which expires June 29, 2072, requires the City to extend Airport Trail east, across airport lands and, among other things, to construct, operate and maintain an associated tunnel under Runway 17L-35R. Under the terms of the Tunnel Agreement the Authority will provide all required airport lands at no cost to the City. The Tunnel Agreement also provides for a cost-sharing arrangement regarding future interchanges along Airport Trail at 19th Street and Barlow Trail. The first phase of these interchanges, which will enhance access to and egress from airport facilities. The second phase of the interchanges, or components thereof, will be constructed when traffic volume service levels at the first phase of interchanges reach a proscribed level and, at that time, the Authority has agreed to contribute 50% towards the acquisition cost of the necessary third party land and the associated construction project. Discussions with the City are currently underway for the design and timeframe for the subsequent construction of interchanges. Upon completion of these discussions, The Authority will have an obligation to contribute $20,000 toward the associated costs of the first phase of the interchanges.

b) On December 18, 2018, a class proceeding was filed against the Authority as *Herjinder Singh Seran as Representative Plaintiff v. The Calgary Airport Authority*. The Statement of Claim was served on the Authority on January 23, 2019. The Statement of Claim alleges that AIFs were improperly collected from domestic travelers. They also claim the amounts collected were paid or improperly used in a manner that was negligent and in breach of legal obligations. The relief sought includes, among other things, judgment in an amount equivalent to the fees paid by the plaintiffs which were used for purposes other than improvement of YYC Calgary International Airport, estimated to be not less than $100 million. The Authority considers the probability of success of the claim by the plaintiffs to be remote at this early stage of the proceedings, no provisions have been recorded.

19 INCOME TAXES

Pursuant to the Airport Transfer (Miscellaneous Matters) Act, income that may reasonably be regarded as being derived from airport business is exempt from federal and provincial income taxes. All reported income in 2019 and 2018 is considered to be derived from airport business and therefore, exempt from income tax.

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