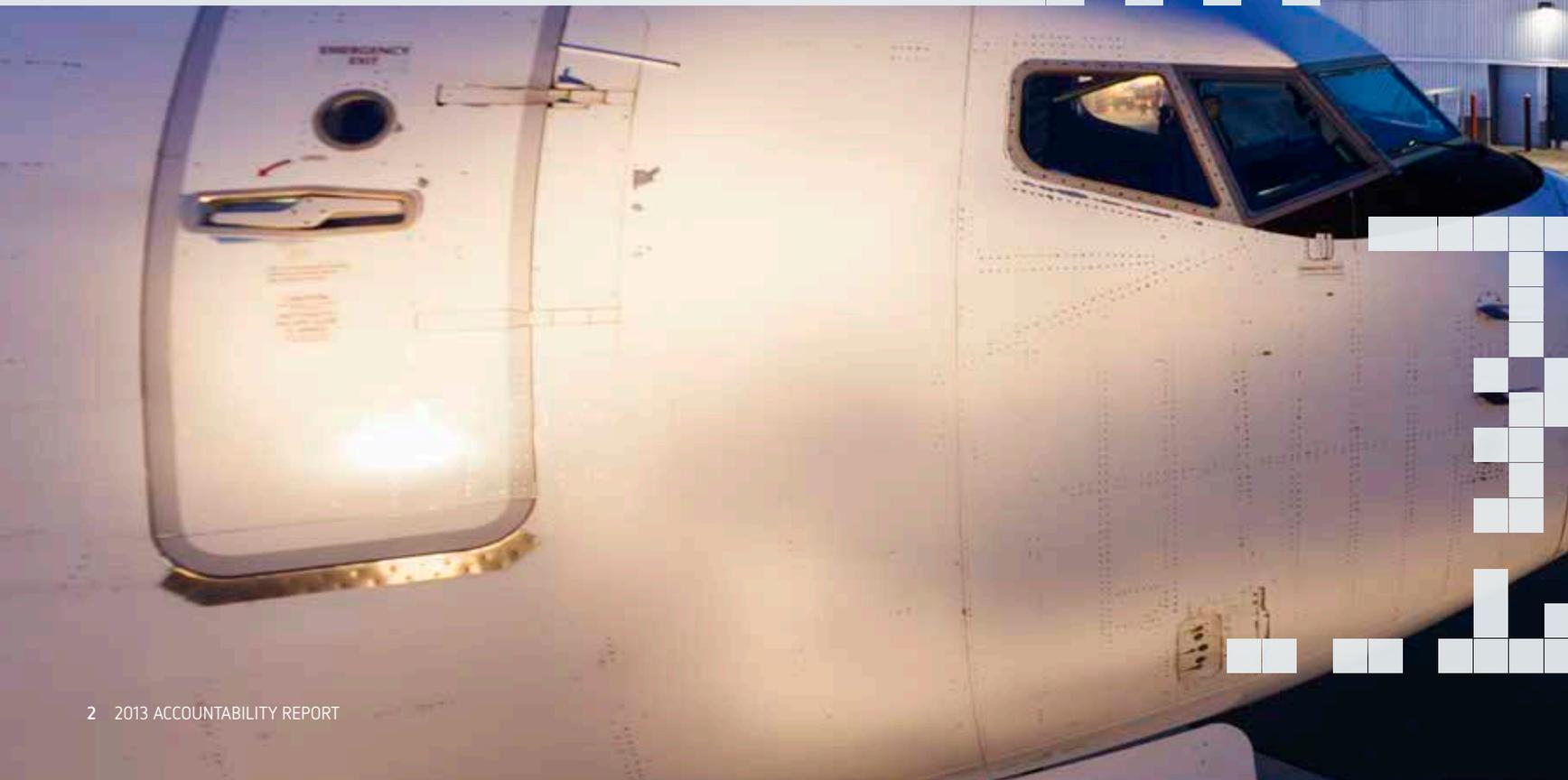


# The Journey Continues

Comox Valley Airport Commission  
2013 Accountability Report



**Our Mission** is to exceed the expectations of our customers and our communities.





## Vision

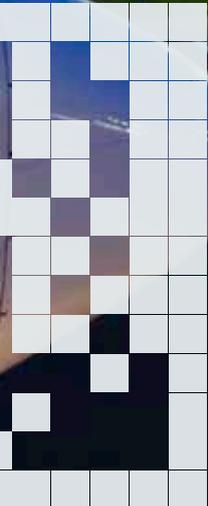
To develop and expand our scheduled air services network.

## Values

Safety, quality, accountability, economic development and sustainability.

## Goals

Expanded air service, facilities meeting passenger needs, effective communications, financially viable, competitive and professional development.



## MESSAGE FROM THE CHAIR AND CEO

YQQ is a key player in the local economy.



Linda Oprica  
Chair of the Board



Fred Bigelow  
Chief Executive Officer

The Comox Valley Airport started off calendar year 2013 on an extremely positive note with the announcement of a six per cent increase in our 2012 passenger numbers at YQQ. These numbers surpass our previous passenger record prior to the economic downturn and place us well above the 1.3 per cent average growth experienced by airports across North America.

Increased traffic at YQQ can be attributed to well performing seasonal routes to Puerto Vallarta and added capacity to Cancun from Air Transat early in 2012. Growth continued, at a more moderate pace for the remainder of the reporting period, with eight per cent in the first half of the calendar year and four per cent in the second half.

Though these statistics are enviable, we must also be realistic in our estimates of passenger traffic at YQQ in subsequent years. We will work hard to ensure passenger numbers remain healthy at our airport.

We spent this past fiscal year continuing to strategically market our current routes for optimal year-round load factors, while working with our partners to resolve any outstanding operational issues. Of particular concern to us were the temporary restrictions on commercial aircraft required by Transport Canada regulations due to over-height

obstacles around the Comox aerodrome. YQQ worked tirelessly with 19 Wing, our airline and community partners, and Transport Canada to seek a prompt resolution to the situation before the 2013 winter season. We are making progress thanks to the solid support of our partners.

As we strive to achieve operational excellence year over year, the Comox Valley Airport can attribute much of its success to the support of the community; whether through our unique operating agreement with 19 Wing Comox, the working relationships with our Nominating Entities, or the support of local taxpayers who voted yes to provide a \$4 million capital grant to help construct a new airport terminal. There is no better example of a community working together towards a common goal and YQQ was proud to celebrate the tenth anniversary of this referendum with a community event at the airport in February this year.

In return for the community's investment in YQQ, we have produced a 78 per cent increase in passenger traffic, which comes with a huge economic benefit. Each time a plane lands at YQQ it generates employment and labour hours from processing passengers, to handling baggage and cargo, to serving food and beverages at On The Fly Café, or selling souvenirs at Mid Island Gifts.

The direct economic output of a just one daily domestic service is \$5.8 million a year. With the added impact that service has on tourism and visitor spending in the area, the combined annual economic output rises to \$26.4 million. That is a substantial return on a \$4 million investment and we will continue to work hard to ensure our airport continues to pay dividends to our community well into the future.

Thank you once again to those partners that have continued to support the Comox Valley Airport and helped to keep our operations thriving. We look forward to continuing to serve the community well in the years ahead.

Sincerely,



**Linda Oprica**  
Chair of the Board

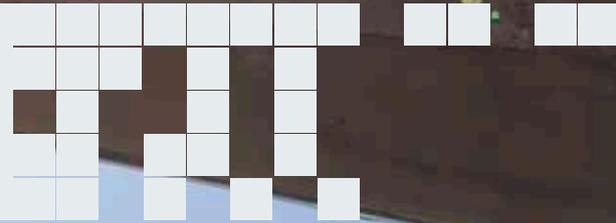


**Fred Bigelow**  
Chief Executive Officer

## ACHIEVING OPERATIONAL EXCELLENCE

YQQ is a motivated operator, a trusted business partner and a key contributor to the local economy.

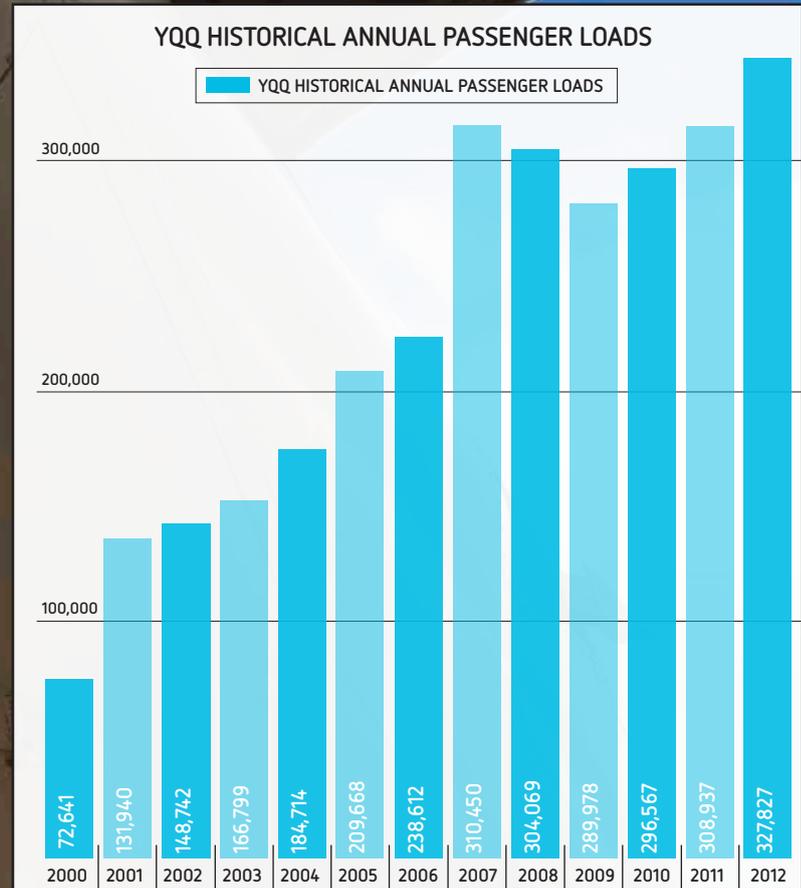
- Served 327,927 passengers in 2012, the highest in YQQ history and an impressive six per cent increase over the previous year.
- In its third year of operation, YQQ's fuel facility safely provided over 3.2 million litres of jet fuel to all scheduled air carriers and charter aircraft, earning revenues of approximately \$183,000.
- Worked with 19 Wing Comox, the Department of National Defence, Transport Canada, BC Hydro, Telus and key community partners to work towards achieving a fully operational (all-weather) runway.
- Increased parking rates to offset rising operational costs associated with inflation, building maintenance and increased passenger numbers.
- Attended various airline headquarter meetings to pitch additional sunspot opportunities for the 2013/14 winter charter season.
- Presented business cases to five airlines at the Airport Council International - North America Jumpstart Conference in Sacramento, California.



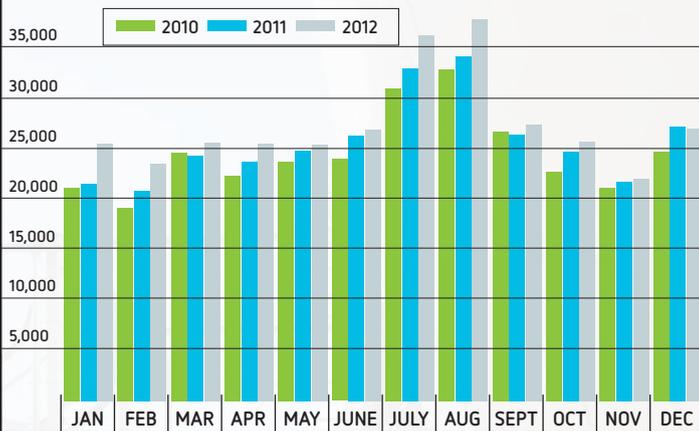
### YQQ MONTHLY PASSENGER BREAKDOWN

	2010	2011	2012
JANUARY	21,681	21,930	25,322
FEBRUARY	19,788	20,715	22,884
MARCH	24,633	24,466	26,222
APRIL	22,732	23,991	26,103
MAY	23,678	24,800	25,700
JUNE	23,798	25,721	26,777
JULY	30,918	33,592	36,094
AUGUST	33,588	34,580	38,074
SEPTEMBER	26,361	26,306	27,228
OCTOBER	23,780	24,600	25,457
NOVEMBER	20,877	21,525	21,645
DECEMBER	24,733	26,711	26,321
<b>TOTAL</b>	<b>296,567</b>	<b>308,937</b>	<b>327,827</b>

### YQQ HISTORICAL ANNUAL PASSENGER LOADS



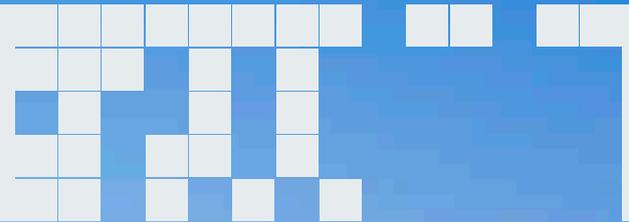
### YQQ MONTHLY PASSENGER TRENDS



## ENSURING AN OUTSTANDING CUSTOMER EXPERIENCE

Our mission is to exceed expectations and we accomplish this by providing world-class service with local charm.

- Launched a new website with improved design, navigation, functionality, security and search engine optimization. A complementary mobile site offers an improved experience for those using a handheld device.
- Implemented a flight tracking feature and added an estimated arrival time column to improve the experience of those monitoring the website or waiting at the airport to pick up passengers.
- Partnered with the Comox Valley Community Arts Council on an annual public art exhibition to promote local artists and their work to our passengers.
- In response to customer feedback about cell phone service at the airport, the Comox Valley Airport Commission agreed to lease land to Telus for construction of a new cell phone tower.
- On the Fly Café provided coffee services in the boarding lounge for passengers utilizing early morning flights throughout the summer months.
- Completed the first phase of a customer survey designed to measure the satisfaction of those using the terminal building and to identify any areas requiring improvement.



## OPERATING A SAFE AND SECURE FACILITY

Being prepared in an emergency, excelling in safety performance and diligently maintaining our security awareness and training, are imperative to operating a safe and secure terminal building.

### Emergency Response

- Provided effective emergency response support to 19 Wing Comox and processed passengers, crew and their baggage when a Korean Air Boeing 777 was safely diverted to the Comox Valley Airport in April 2012.
- Teamed up with 19 Wing Comox for a major fuel spill emergency response exercise, which included airport management, operations and fuel staff, along with 19 Wing Comox emergency response personnel.

- Conducted an annual emergency response tabletop exercise with participation from airlines, 19 Wing Comox, the Comox Fire Department, BC Ambulance Service, the RCMP, 911 Dispatch and the Comox Valley Emergency Preparedness Committee.
- Rapid damage assessment and emergency procedures were successfully tested during YQQ's participation in the 2012 BC Shakeout – the largest earthquake preparation exercise in Canada.

### Safety

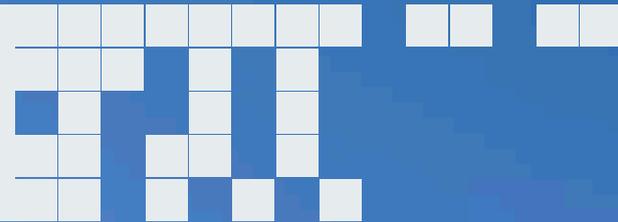
- The Comox Valley Airport received the 2012 Shell Operational Excellence "Platinum" Goal Zero Award for outstanding performance results in the areas of health and safety, training, operations, sales and leadership.
- Initiated air quality testing within the terminal building to ensure the health and safety of our employees and passengers. Results confirmed the terminal building is a clean place in which to work and visit.

### Security

- Assisted the RCMP with coordinating aircraft search training for its members.
- Updated YQQ security monitors and computer system to improve surveillance capabilities.
- Continued to be an active member of the Airports Council International – North America's Canadian Airport Security Committee.

## BEING A GOOD CORPORATE CITIZEN

YQQ is a responsible employer and a contributing member of the community in which we operate.



- In 2012, airport operations, fuel and maintenance staff completed 12 training sessions on a total of 23 topics relating to their workplace, including: fire safety, first-aid, biohazard response and clean-up, security procedures and workplace safety.
- Donated approximately \$4,000 to a variety of charitable organizations in 2012/2013 including: Y.A.N.A. (You Are Not Alone), Canadian Cancer Society, Sharing the Christmas Spirit Hamper Program and United Way.
- Supported fundraising efforts by YQQ staff and tenants by assisting in promotion of their charities and matching donations to increase the impact of these efforts. The airport also provided product in-kind donations to support several charitable fundraising events held in the community throughout the year.
- Continued to support the Angel Flight program by waving terminal fees for pilots that volunteer their time to transport cancer patients to medical appointments in Vancouver and Victoria.
- Supported and promoted the principals of Safe Harbour (YQQ was the first airport to implement the program in 2011). Staff members received annual training in 2012 to help them learn about discrimination, diversity and inclusion and how to respond to requests for an immediate safe space.
- Provided 12 group tours for school children and cadets as part of a formalized program for local school districts and area pre-schools.
- Participated in the City of Courtenay's Transportation Land Use Management Plan stakeholder consultation sessions, providing input on sustainable options to ensure efficient access to/from the airport for arriving and departing passengers.
- Supported the 2013 Provincial Enumeration by allowing Elections BC officials to set up a registration drive table in the terminal building.





## OPENLY COMMUNICATING ABOUT WHAT WE DO

Effectively marketing our routes and communicating with our passengers, airlines and community partners is important to the success of our airport.



- Implemented a strategic marketing plan including print, television, radio, online and outdoor advertising to promote the airport and its routes to both outbound and inbound passengers.
- Supported regional tourism and economic development by partnering on joint advertising campaigns with local tourism providers, supporting Tourism Vancouver Island advertising initiatives and supporting the Vancouver Island Visitor Centre.
- Partnered with WestJet and 97.3 fm The Eagle to provide a free trip for two to an all-inclusive resort in Puerto Vallarta to promote WestJet's seasonal service to Mexico. Launched the contest in The Eagle studios and with a live fiesta event at YQQ to send off the first flight of the winter charter season.
- Hosted a community event in celebration of the ten-year anniversary of the municipal referendum that made construction of the Comox Valley Airport terminal building possible.
- YQQ's CEO made several presentations to local governments and community groups to provide updates on airport operations, obtain feedback and strengthen ties within the community.
- Provided regular reports to community stakeholders about news and events at the airport through YQQ's award-winning newsletter Fly YQQ.
- Partnered with the Comox Valley Economic Development Society to streamline on-site marketing and visitor services opportunities at YQQ and the Vancouver Island Visitor Centre.

## CORPORATE GOVERNANCE

The property and business of the Comox Valley Airport Commission is governed by the Board of Directors.

The Board of Directors is responsible for establishing the Strategic Direction, making major decisions for the Commission and overseeing management of YQQ's business and affairs.

The Comox Valley Airport Commission's Board of Directors is broadly representative of the Comox Valley community and is comprised of nine directors, nominated as follows:

- Five members are nominated by local governments (City of Courtenay, Town of Comox, Village of Cumberland and Comox Valley Regional District). At least one member must reside in Courtenay; at least one must reside in Comox;
- One member is nominated by the Comox Valley Chamber of Commerce;
- One member is nominated by the Comox Valley Economic Development Society;
- Two members are appointed by the Comox Valley Airport Commission.



### 2012 MEMBERS OF THE BOARD

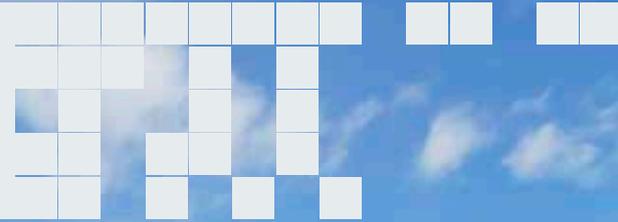
From left to right: Scott Torry, Russell Irvine, Keith Tatton, Fred Bigalow, Susan Toresdahl, Linda Oprica, Frank van Gisbergen

### 2012 BOARD POSITIONS

<b>Past Chair:</b>	Brad Minton – Chair from March 2011 to April 2012.
<b>Chair:</b>	Linda Oprica – Chair since May 2012, board member since November 2007
<b>Vice Chair:</b>	Frank van Gisbergen – Board member since September 2012
<b>Secretary:</b>	Russell Irvine – Board member since January 2006
<b>Treasurer:</b>	Scott Torry – Board member from April 2007 to September 2013
<b>Directors:</b>	Daryl McLoughlin – Board member from August 2004 to July 2013
	Jay Oddleifson – Board member since March 2007
	Susan Toresdahl – Board member since September 2012
	Carol Wain – Board member from July 2011 to June 2013
<b>CEO:</b>	Fred Bigelow – Officer of the board since July 2012

## FINANCIAL RESULTS

We demonstrate accountability and integrity in the conduct of our business.





## AUDITORS REPORT

### To the Members of Comox Valley Airport Commission.

We have audited the accompanying financial statements of Comox Valley Airport Commission, which comprise the statement of financial position as at March 31, 2013 and the statements of financial performance, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based upon our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

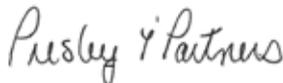
An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected

depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Comox Valley Airport Commission as at March 31, 2013 and of its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting standards for not-for-profit organizations.



Chartered Accountants

STATEMENT OF FINANCIAL POSITION

March 31, 2013		2013		2012	
	Operating Fund	Capital Asset Fund	TOTAL	TOTAL	
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 488,711	\$ 3,212,213	\$ 3,700,924	\$ 2,559,090	
Accounts receivable	286,848	59,954	346,802	511,367	
Prepaid expenses	40,800	15,749	56,549	35,829	
	816,359	3,287,916	4,104,275	3,106,286	
Property & equipment (Note 4)	-	14,301,205	14,301,205	15,205,214	
	<b>\$ 816,359</b>	<b>\$ 17,589,121</b>	<b>\$ 18,405,480</b>	<b>\$ 18,311,500</b>	
<b>LIABILITIES AND FUND BALANCES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities	\$164,937	10,268	175,205	215,302	
Government remittances payable	108,229	-	108,229	118,517	
Wages payable	44,694	-	44,694	31,640	
Deferred revenue	-	-	-	38,330	
Current portion of long-term debt (Note 5)	-	484,350	484,350	4,298,669	
	317,860	494,618	812,478	4,702,458	
Long term debt (Note 5)	-	3,419,442	3,419,442	-	
	317,860	3,914,060	4,231,920	4,702,458	
<b>FUND BALANCES</b>					
Invested in property and equipment	-	13,675,061	13,675,061	12,948,066	
Unrestricted	498,499	-	498,499	660,976	
	498,499	13,675,061	14,173,560	13,609,042	
	<b>\$ 816,359</b>	<b>\$ 17,589,121</b>	<b>\$ 18,405,480</b>	<b>\$ 18,311,500</b>	

COMMITMENTS (Note 6)

Approved by the Directors

Linda Oprica  
Chair



Scott Torry  
Chair - Audit Committee



STATEMENT OF CHANGES IN NET ASSETS

Year Ended March 31, 2013			2013	2012
	Operating Fund	Capital Asset Fund	TOTAL	TOTAL
NET ASSETS AT BEGINNING OF YEAR	\$ 660,976	\$ 12,948,066	\$ 13,609,042	\$ 13,185,543
NET SURPLUS (EXPENDITURE) FOR THE YEAR	906,987	(342,469)	564,518	423,499
INTERFUND TRANSFERS	(1,069,464)	1,069,464	-	-
NET ASSETS AT END OF YEAR	\$ 498,499	\$ 13,675,061	\$ 14,173,560	\$ 13,609,042



## STATEMENT OF FINANCIAL PERFORMANCE

Year Ended March 31, 2013			2013	2012
	Operating Fund	Capital Assets Fund	TOTAL	TOTAL
<b>REVENUE</b>				
Advertising	\$ 57,353	\$ -	\$ 57,353	\$ 67,975
Airport Improvement fees (Note 8)	-	800,564	800,564	779,053
Concessions - car	362,400	-	362,400	352,677
Concessions - other	84,666	-	84,666	81,398
Concessions - parking	634,192	-	634,192	609,018
Fuel commissions	183,332	-	183,332	127,235
Miscellaneous	8,549	30,861	39,410	24,528
Office rentals	185,573	-	185,573	177,848
Terminal fees	1,632,410	-	1,632,410	1,717,317
	<b>3,148,475</b>	<b>831,425</b>	<b>3,979,900</b>	<b>3,937,049</b>
<b>EXPENSES</b>				
Airport improvement fee expense	-	57,700	57,700	54,937
Amortization	-	927,084	927,084	923,102
Bad debts	542	-	542	10,300
Bank charges and interest on long-term debt	6,980	189,110	196,090	218,919
Board expenses	33,294	-	33,294	14,096
Customs	73,803	-	73,803	75,242
Fuel facility expenses	17,264	-	17,264	14,127
Insurance	48,892	-	48,892	44,297
Marketing, public relations and business development	275,618	-	275,618	315,901
Office and miscellaneous	97,543	-	97,543	109,242
Parking administration	74,208	-	74,208	74,208
Professional fees	81,233	-	81,233	105,196
Property taxes	80,709	-	80,709	72,378
Rent	39,277	-	39,277	39,277
Repairs and maintenance	159,791	-	159,791	171,671
Utilities	125,821	-	125,821	106,266
Volunteer expense	8,936	-	8,936	8,684
Wages and benefits	1,117,577	-	1,117,577	1,155,707
	<b>2,241,488</b>	<b>1,173,894</b>	<b>3,415,382</b>	<b>3,513,550</b>
<b>NET SURPLUS (EXPENDITURE) FOR THE YEAR</b>	<b>\$ 906,987</b>	<b>\$ (342,469)</b>	<b>\$ 564,518</b>	<b>\$ 423,499</b>

STATEMENT OF CASH FLOWS

Year Ended March 31, 2013			2013	2012
	Operating Fund	Capital Asset Fund	TOTAL	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from supporters	\$ 3,264,498	\$ 841,638	\$ 4,106,136	\$ 3,850,633
Cash paid to suppliers	(1,179,834)	(63,489)	(1,243,323)	(1,262,274)
Cash paid to and on behalf of employees	(1,104,523)	-	(1,104,523)	(1,151,434)
Interest paid	-	(198,504)	(198,504)	(217,409)
	<b>980,141</b>	<b>579,645</b>	<b>1,559,786</b>	<b>1,219,516</b>
INVESTING ACTIVITY				
Purchase of property and equipment	-	(23,075)	(23,075)	(85,089)
FINANCING ACTIVITIES				
Interfund transfers	(1,069,464)	1,069,464	-	-
Repayment of long-term debt	-	(394,877)	(394,877)	(347,514)
	(1,069,464)	674,587	(394,877)	(347,514)
INCREASE (DECREASE) IN CASH	(89,323)	1,231,157	1,141,834	786,913
CASH AT BEGINNING OF YEAR	578,034	1,981,056	2,559,090	1,772,177
CASH AT END OF YEAR	<b>\$488,711</b>	<b>\$3,212,213</b>	<b>\$3,700,924</b>	<b>\$2,559,090</b>

## 1. INCORPORATION AND OPERATIONS

The Comox Valley Airport Commission (“the Commission”) was granted letters patent under the Canada Corporations Act on February 12, 1996. The Commission has operated the civilian air terminal located on leased land from the Crown on CFB Comox grounds since June 1, 1996. Further, it owns and is developing an adjacent parcel of land on Knight Road to meet further air service demands.

All earnings of the Commission are retained and reinvested in civilian airport operations and development.

The Commission is exempt from federal and provincial income taxes.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

### a) Fund Accounting

The Commission follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the Commission’s operating activities.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Commission’s property and equipment purchases, expansion projects and debt repayment.

### b) Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts 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. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

### c) Property and Equipment

Property and equipment are initially recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives. In the year of acquisition, amortization is taken at one-half of the rates indicated in note 4.

### d) Financial Instruments

#### Measurement

The commission initially measures its financial assets and liabilities at fair value, except for certain non-arm’s length transactions.

The commission subsequently measures all its financial assets and financial liabilities at amortized cost unless otherwise disclosed.

#### Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 net income.

### e) Revenue Recognition

Restricted contributions are recognized as revenue of the Capital Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Revenues are receivable when services are performed, the facilities are utilized or the amounts are earned pursuant to the related agreements.

Terminal fees are recognized as each passenger enplanes and deplanes.

Airport improvement fee revenue is recognized as each passenger enplanes.

Car concession revenue is recognized monthly based on a percentage of gross monthly revenue from car rental agencies.

Parking concession revenue is recognized as the lot is used.

Office rental revenue is recognized monthly per rental agreements.

Other concession revenue is recognized monthly based on a percentage of gross revenue from other concessions.

Advertising revenue is recognized monthly as it is earned.

Fuel commissions revenue is recognized daily based on a percentage of volume used at the fuel facility.

## 3. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

These financial statements are the first financial statements for which the commission has applied Canadian generally accepted accounting standards for not-for-profit organizations, hereafter referred to as “ASNPO”. First-time adoption of this new basis of accounting had no impact on the commission’s statement of operations for the year ended March 31, 2012 or on the net assets as at April 1, 2011, the date of transition, as shown in the attached schedule.

**4. PROPERTY AND EQUIPMENT**

Year Ended March 31, 2013		2013			2012
	Straightline Basis	Cost	Accumulated Amortization	Net	Net
Land	-	\$ 648,195	\$ -	\$ 648,195	\$ 648,195
Airside	life of lease	8,818,168	3,012,133	5,806,035	6,182,430
Building	30 years	289,617	56,484	233,133	247,686
Equipment	10 years	357,156	221,664	135,492	168,526
Air terminal building	life of lease	7,748,392	2,828,884	4,919,508	5,240,869
Furniture and fixtures	10 years	282,701	210,425	72,276	88,680
Conveyance equipment	20 years	1,190,327	465,922	724,405	783,921
Fuel facility	life of lease	130,618	23,847	106,771	113,660
Groundside	life of lease	1,942,570	670,207	1,272,363	1,355,205
Computer equipment	3 years	87,051	74,702	12,349	5,364
Expansion Development Costs					
International terminal		209,522	-	209,522	209,522
Operations building		161,156	-	161,156	161,156
		<b>\$ 21,865,473</b>	<b>\$ 7,564,268</b>	<b>\$ 14,301,205</b>	<b>\$ 15,205,214</b>

Airside, Air terminal building, Fuel facility and Groundside assets are amortized over the life remaining on the land lease with the Department of National Defence. As at March 31, 2013, 15 years remain on this lease.

**5. LONG-TERM DEBT**

Mortgage payable to a financial institution, repayable at \$49,448 per month including principal and interest at a variable business prime rate currently at 3.00%, secured by a general security agreement on all property of the Commission, a mortgage of lease in the amount of \$7,000,000 between the Minister of National Defence and the Commission and a certificate of allrisk insurance covering the airport terminal building, matures February 28, 2015.

	2013	2012
	\$ 3,903,792	\$ 4,298,699
Deduct principle included in current liabilities	484,350	4,298,669
	<b>\$ 3,419,442</b>	<b>\$ -</b>

**5. LONG-TERM DEBT cont...**

Principal due within the next five years, assuming the terms of the loan will not change, is as follows:

2014	484,350
2015	498,750
2016	513,750
2017	429,550
2018	545,650
<hr/>	
	2,472,050

**6. COMMITMENT**

Effective June 30, 2003 the Commission entered into a 25 year lease with the Department of National Defence for the land where the airport is situated.

The Commission is committed under a lease agreement for land with total lease payments of \$677,511, assuming there is no change in the payment amount over the term of the lease.

Lease payments in each of the next five years are estimated as follows:

2014	39,277
2015	39,277
2016	39,277
2017	39,277
2018	39,277

**7. INTERFUND BALANCES AND TRANSFERS**

Certain transactions for the Capital Fund are received or paid by the Operating Fund. The total transactions between the funds have been reclassified as a transfer from the Operating Fund.

**8. AIRPORT IMPROVEMENT FEES**

The Commission collects an airport improvement fee (AIF) of \$5 per outgoing passenger to fund the cost of major capital expenditures. These fees are collected by the air carriers under an agreement between the Commission, the Air Transport Association of Canada (ATAC) and the air carriers serving the airport, entitling the air carriers to withhold a 7% administration fee. By agreement with ATAC, AIF revenues are restricted to pay for the capital and related financing costs of major airport infrastructure development.

To March 31, 2013, the cumulative capital related expenditures exceed the cumulative AIF revenues and capital grant funding as follows:

	2013	2012
Capital Grant Funding:		
Comox Valley Regional District	4,000,000	4,000,000
Province of B.C.	2,000,000	2,000,000
Transport Canada	1,900,000	1,900,000
Canadian Airport Authority	535,562	535,562
AIF revenue collected	6,883,320	6,082,756
AIF interest earned	77,821	46,960
	<hr/>	<hr/>
	15,396,703	14,565,278
	<hr/>	<hr/>
AIF administration fees	(498,192)	(440,492)
AIF capital expenditures	(20,830,167)	(20,830,167)
Financing costs	(2,124,778)	(1,935,668)
	<hr/>	<hr/>
	(23,453,137)	(23,206,327)
	<hr/>	<hr/>
Net capital expenditures funded by debt and operating fund transfers	\$ (8,056,434)	\$ (8,641,049)

## 9. FINANCIAL INSTRUMENTS

The Commission is exposed to various risks through its financial instruments. It is management's opinion that the Commission is not exposed to significant concentrations at the financial statement date except as otherwise disclosed.

### Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty in meeting obligations associated with financial liabilities. The Commission is exposed to this risk mainly in respect of its accounts payable, long-term debt and the leases.

### Credit risk

Credit risk is the risk that the Commission will incur losses based on credit that it has granted to other parties. The total amount of this exposure is the balance in accounts receivable of \$346,802 (2012 - \$511,367). One customer accounts for 47% of this balance (2012 - two customers accounted for 68%), but management feels that the risk of collection of these amounts is minimal due to the past payment history of this customer.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Commission is mainly exposed to interest rate risk.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Commission is

exposed to interest rate risk on its fixed interest rate financial instruments. Given the current composition of debt, fixed-rate instruments subject the Commission to a fair value risk. The estimated fair value of the Commission's long-term debt liability on March 31, 2013 is \$4,176,761 (2012 - \$4,637,316). This value is derived using estimates of the timing and amount of future cash payments and current market interest rates.

## 10. RELATED PARTY TRANSACTIONS

Included in repairs and maintenance expenses for the current year is \$768 (2012 - \$12,435) paid to a company that is controlled by one of the board members. These transactions were conducted in the normal course of operations and measured at the exchange amount.

## 11. MANAGEMENT COMPENSATION

Included in wages and salaries expense for the current year are gross wages paid to the Chief Executive Officer, Operations Manager, Deputy Operations Manager, Airside Manager, Marketing Manager, and Finance Manager totaling \$352,093 (2012 - \$421,401).

## 12. COMPARATIVE FIGURES

Certain of the 2012 comparative figures have been reclassified to conform with the presentation adopted for 2013.

## 13. ENVIRONMENTAL MATTERS

The Commission is subject to various laws, regulations and government policies relating to health and safety, to the generation, storage, transportation, disposal and environment emissions of various substances, and to the protection of the environment in general. A risk of environmental liability is inherent in the operations; real estate ownership, operation or control; and other



commercial activities of the Commission with respect to both current and past operations. Although the effect on operating results and liquidity cannot be reasonably estimated, management believes, based on current information, that environmental matters will not have a material adverse effect on the Commission's financial condition or competitive position.

SCHEDULE OF OPENING FINANCIAL POSITION

Year Ended March 31, 2013

ASSETS	AT APRIL 1, 2011 BASED ON PREVIOUS FINANCIAL STATEMENTS	CHANGE IN NET ASSETS	AT APRIL 1, 2011 BASED ON ASNPO
<b>CURRENT ASSETS</b>			
Cash	\$ 1,772,177	\$ -	\$ 1,772,177
Accounts receivable	421,599	-	421,599
Prepaid expenses	45,120	-	45,210
	2,238,896	-	2,238,896
<b>PROPERTY AND EQUIPMENT</b>	16,043,228	-	16,043,228
	<b>\$ 18,282,124</b>	<b>\$ -</b>	<b>\$ 18,282,124</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 299,227	\$ -	\$ 299,227
Government remittances payable	87,880	-	87,880
Wages payable	28,314	-	28,314
Deferred revenue	34,977	-	34,977
Current portion of long-term debt	379,085	-	379,085
	829,483	-	829,483
<b>LONG-TERM DEBT</b>	4,267,098	-	4,267,098
	5,096,581	-	5,096,581
<b>FUND BALANCES</b>			
Invested in property and equipment	12,858,351	-	12,858,351
Unrestricted	327,192	-	327,192
	13,185,543	-	13,185,543
	<b>\$ 18,282,124</b>	<b>\$ -</b>	<b>\$ 18,282,124</b>

## CONTACT

For more information about the Comox Valley Airport, please visit our new website at:

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**Phone:** 250-890-0829

**Mailing:**

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Comox, British Columbia  
V9M 4H2

**The following documents are available  
on our web site:**

- Audited Financial Statements
- Comox Valley Airport Newsletter
- Comox Valley Airport Commission By-laws
- YQQ Strategic Plan 2011 -2015



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